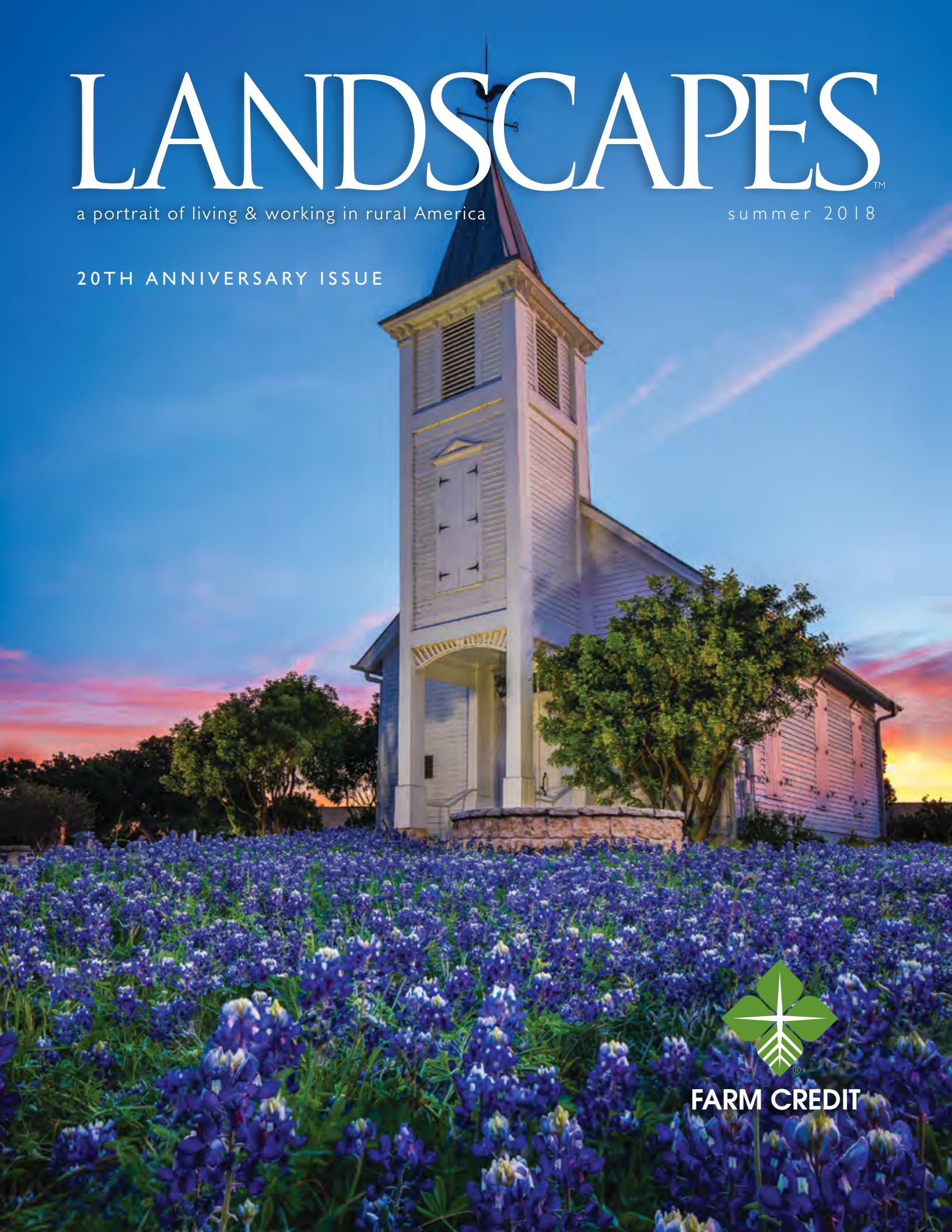


LANDSCAPESTM

a portrait of living & working in rural America

summer 2018

20TH ANNIVERSARY ISSUE



FARM CREDIT

LANDSCAPES

Summer 2018

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Texas Farm Credit District lending cooperatives finance rural real estate, agriculture, agribusiness and country homes in Alabama, Louisiana, Mississippi, New Mexico and Texas. These financing co-ops are owned by their customers.

ON THE COVER: Bluebonnets grace the grounds of a sunset-lit country church near New Braunfels, Texas. Photo by Jason Squyres

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Celebrating 20 Years of Landscapes

Much has changed since Landscapes magazine began 20 years ago, but one thing that remains the same is Farm Credit's support for those who are dedicated to agriculture and the rural way of life. With Landscapes, we are proud to showcase our co-op owners. They are the backbone of agriculture and the lifeblood of our rural communities, and we hope you enjoy their amazing stories.

LANDSCAPES
20TH ANNIVERSARY ISSUE



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The Farm Credit **Difference**

By Stan Ray

It has been said that good organizations focus on doing things right, while great organizations focus on doing the right things. This is an important distinction that helps explain the difference Farm Credit makes in rural communities and agriculture.

As a true cooperative, a Farm Credit lender is an extension of the borrower's operation, in which the borrower has ownership rights and privileges. As a result, Farm Credit's purpose is to help its members be successful. We do that by providing reliable access to much-needed capital, and then distributing annual earnings back to borrowers because they are the stockholders.

Although Farm Credit is certainly focused on doing things right — operating in a safe and sound manner while striving to grow the organization's assets and profitability — the benefit of these efforts flows not to the institution or its leadership, but to the individual borrowers who co-own the cooperative and have a vested interest in its success. In brief, Farm Credit is focused on doing the right things.

For example, Farm Credit Bank of Texas, which produces this publication on behalf of its affiliated retail lenders throughout a five-state service territory, returned 79 percent of its 2017 earnings to its owners and other patrons. Remaining earnings are reinvested in the future and retained to ensure appropriate levels of liquidity and capital. The cooperative business model, when focused on the right things, enables Farm Credit to make a difference in the lives of customer-owners

and the rural communities where they live and work.

By operating a high-quality organization that helps people in agriculture and rural communities live their dreams and be successful, Farm Credit is accomplishing its mission, adding value to the marketplace and leading by example.

Like the Farm Credit System as a whole, this Landscapes magazine is all about supporting the Farm Credit mission, adding value and leading by example. Now in its 20th year, Landscapes is a model of cooperation and partnership among Farm Credit lending co-ops throughout Alabama, Louisiana, Mississippi, New Mexico and Texas. Its publication and distribution is intended purely to share Farm Credit stories; to inspire, inform

and educate its readers; and to project the quality and professionalism of the cooperative organization it represents.

For 20 years, Landscapes has been a portrait of people living and working in rural America. It is a reflection of those who play an often-unsung yet critical role in our

nation and around the globe. By focusing on the right things, Landscapes has been recognized many times at the regional and national levels for its distinction and high quality.

Farm Credit is privileged to be a part of this community, and remains focused on making a positive difference in support of those who make a difference in the world.

“The cooperative business model, when focused on the right things, enables Farm Credit to make a difference in the lives of customer-owners and the rural communities where they live and work.”

Panhandle Ag Leader Inducted Into Farm Credit Academy of Honor

Spearman, Texas, farmer and rancher Jon “Mike” Garnett was inducted into the Farm Credit Bank of Texas (FCBT) Academy of Honor at the bank’s 2018 annual stockholders meeting on April 5.

The award establishes a \$10,000 scholarship that will be presented in his name to a student attending Texas Tech University, the college of his choice.

Established in 1968, the Academy of Honor recognizes outstanding individuals for their service and contributions to agriculture and to Farm Credit. To date, 60 people have been inducted into this prestigious group.

A former FCBT director for 18 years, Garnett served the Farm Credit System for four decades. During his tenure, he represented the Texas Farm Credit District on the national Farm Credit Council Board of Directors, chairing the council from 2011 to 2013. He also was a director of the Pampa-High Plains Federal Land Bank Association, now Plains Land Bank, for 23 years.

“Mike was always diligent and mindful of the needs of his fellow agricultural producers,” said Jimmy Dodson, FCBT board chairman. “He was always willing to consider and support new policies, and with an open mind he welcomed our current business model, which has served our owners and our mission well.”



Mike Garnett and his wife, Marti

Dodson and Little Re-Elected to Lead Bank Board

The Farm Credit Bank of Texas (FCBT) Board of Directors re-elected James F. “Jimmy” Dodson of Robstown, Texas, board chairman and Lester Little of Hallettsville, Texas, board vice chairman of the Austin-based bank for 2018.



Jimmy Dodson



Lester Little

The two South Texas farmers were re-elected to one-year terms in January. They have held their current positions since 2012.

Dodson farms and owns a seed sales business near Robstown. He is past chairman of the Texas AgFinance Board of Directors and the National Cotton Council of America, among other organizations. Little owns and operates a farming business that is headquartered in Lavaca County, Texas, and also offers custom farming services. He is a past chairman of the Capital Farm Credit Board of Directors.

Glen R. Smith Appointed to FCA Board

Iowa farmer Glen R. Smith was sworn in on Dec. 14 as a board member of the Farm Credit Administration (FCA), which is the government entity that regulates the Farm Credit System. He was appointed to a term that expires in 2022.

“It gives me great pleasure to welcome Glen to this board,” said FCA Chairman and CEO Dallas Tonsager. “His many years of experience in farm management and land appraisal will be a great asset to the FCA board. I look forward to working with Glen to ensure a safe, sound and dependable source of credit to farmers and other rural Americans.”

A native of Atlantic, Iowa, Smith is a co-owner of Smith Land Service, a land appraisal, farmland brokerage and farm management company, and owner of Smith Generation Farms, a 2,000-acre corn and soybean operation.

Bank Distributes Majority of Earnings to Stockholders

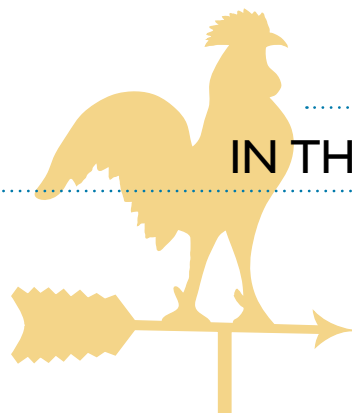
Based on its solid earnings and capital position, the Farm Credit Bank of Texas (FCBT) returned \$154.2 million in patronage and other dividends, or 78.7 percent of 2017 earnings, to its affiliated lending cooperatives and other patrons at year end.

“Patronage is a unique benefit of doing business with a cooperative,” said Larry Doyle, FCBT chief executive officer. “As a result, the lending institutions that we fund pay no more for funding than the bank pays, and can pass that value along to farmers, ranchers, agribusinesses and other local customers.”

The bank reported record net income of \$196 million in 2017 and record loan volume of \$17.1 billion at year end. Credit quality remained strong, with 99.7 percent of loans classified as acceptable or special mention.

Capital and liquidity were also strong, providing opportunity for growth and protection from adversity. The bank finished the year with shareholders’ equity of \$1.7 billion. Cash and investments totaled \$5.4 billion, providing 227 days of liquidity.

Nationally, the Farm Credit System reported combined net income of \$5.2 billion in 2017.



IN THE WIND: Resources for Rural Living

LAND AFFORDABILITY CALCULATOR DESIGNED TO HELP BEGINNING FARMERS

Need help figuring out how much land you can afford or how you will finance it? Now there's an online decision-making tool that can help — the Finding Farmland Calculator.

Developed by the National Young Farmers Coalition with assistance from Farm Credit, this new interactive tool was built specifically for farmers and ranchers — particularly beginning producers — who are seeking land.

It can help you to understand farm finance and determine what you may be able to afford. It also will prepare you for working

with a lender. For example, after you input the cost of the land you are considering buying, the calculator compares financing options. It also allows you to download your financial information to have on hand when meeting with a loan officer.

"The Finding Farmland Calculator should prove especially useful for someone new to agriculture who is trying to evaluate different land ownership scenarios to figure out what will work best for them," said Gary Matteson, vice president of young, beginning, small farmer programs and outreach at the national Farm Credit Council. "It can help young and beginning farmers to better understand their own financial capacity, create strong business plans and potentially scale up their own operations."

The Finding Farmland Calculator was launched at an event sponsored by Farm Credit at the Sustainable Agriculture Research and Education Program's 30th anniversary conference in April.

Access the tool at <http://bit.ly/NYFC-calculator>.

Website Shares Best Rural Economic Development Practices

Organizations ranging from Farm Credit co-ops to government agencies are developing programs to support rural communities and help build — or rebuild — rural infrastructure.

One such program is a new interactive webpage designed to identify best practices for building rural prosperity.

Known as the Rural Development Innovation Center and developed by the USDA, the webpage highlights strategies that have been used to create jobs, build infrastructure, strengthen partnerships and promote economic development in rural America.

The webpage also highlights federal resources that can be used for investments in infrastructure and innovation. These include the Distance Learning & Telemedicine Grant Program, Community Connect Grants, and Community Facilities Loan and Grant Program.

The webpage is available at <http://bit.ly/usda-rdic>.





Frank and Pamela Arnosky, along with daughter Hannah Rose, center, and employee Jorge Cruz Ramirez, bundle and wrap bouquets for sale under their company name, Texas Specialty Cut Flowers.



Chris Beytes, GrowerTalks Magazine

FLOWERS FRESH FROM THE *farm*



With hard work and determination, Frank and Pamela Arnosky have earned a full-time living and put four children through college growing fresh-cut flowers in the Texas Hill Country.

If you have ever wondered where the bouquets of cut flowers in grocery stores come from, you might be correct if you guessed South America or California.

Unless you live in Central Texas, that is.

In an industry dominated by imported flowers, Capital Farm Credit customers Frank and Pamela Arnosky have built a successful business growing flowers on their family farm near Blanco, Texas, for local customers who like their cut flowers fresh.

Year-round, the couple grows 60 different varieties of flowers in fields and greenhouses at Arnosky Family Farms, and their handmade bouquets are sold in more than 40 retail outlets — less than 48 hours after being picked.

“We are the Texas premier producer in the cut-flower market,” Pamela says. “We’re the biggest and the best in our state. This is our profession. There’s been nothing haphazard in what we do, from growing our flowers to marketing them.”

The only thing even a bit haphazard about their flower business is its unplanned rapid growth.

\$1,000 DOWN AND A NEW CHAINSAW

The story of Arnosky Family Farms began nearly 30 years ago, when Frank and Pamela — Texas A&M University college sweethearts who met at a polka dance — were young and yearning to start a farm in the Texas Hill Country. Frank, a trained horticulturist, wanted to farm full time. Pamela, an adventurer with a degree in plant geography, shared his goal.

When 12 acres of owner-financed, rich bottomland soil came up for sale on the Hays–Blanco County line, they jumped at it. With \$1,000 down and a brand new chainsaw, the couple started their farm, clearing junipers to build a house and their first greenhouse.

Over the next two years, they built three greenhouses, where they raised high-quality bedding plants for independent garden centers in Austin, College Station and Houston, Texas. As their family expanded, Frank managed the greenhouse operation while Pamela focused on their four children. But wanting to do more, she suggested planting a quarter-acre of snapdragons in front of the house to sell in bunches.

Customer response to the fresh flowers was enthusiastic. Buoyed by the snapdragon sales, the Arnoskys branched out to growing zinnias, larkspur, sunflowers and other annuals. With a new direction for the family business, Texas Specialty Cut Flowers was established.

The Arnoskys' Blue Barn Farm Market looks out at a sea of larkspur in springtime.

REACHING A NICHE MARKET

The Arnoskys' first wholesale flower customer was Whole Foods Market in Austin. But their big break in the flower business came in 1994, when they made a cold call to Central Market, a new high-end grocery store that the H-E-B Grocery Co. had just opened in Austin.

"They loved our fresh Texas flowers," Pamela says. "Every time H-E-B opened another Central Market, we stepped up production to meet the increased demand for our flowers. So we literally grew our business as Central Market grew theirs."

The connection also formed at a time when farm-to-market networks were gaining momentum.

"Our partnership with the first Central Market showed that local flowers could be grown and sold at the grocery store level," Frank says. "It really opened up the doors to local flower growers nationwide."

In 2003, to keep up with the increasing demand for their flowers, the Arnoskys purchased 100 acres at a corner spot just two miles from their existing farm. To finance the property, they turned to Capital Farm Credit.

"Back then, we were a first-generation farm and had no capital to buy that land," Pamela remembers. "Our local bank wasn't in a position to help us, whereas Capital Farm Credit could. They took a chance and helped us start another farm."

Jim Price, their first Capital loan officer, still remembers making the loan.

"They showed me they had the expertise and knowledge to do what they wanted to do," Price recalls. "It tickled me that we were able to provide the financing so they could accomplish their goals. They've done the rest to be successful."

AN OLD-FASHIONED BARN RAISING

On the new land, they built greenhouses and put in flower fields. Five years later, friends and family turned out for an old-fashioned barn raising on the site.

"Through the years, we've provided fresh flowers for local nonprofit events and fundraisers," Pamela says. "So when we put the word out in 2008 that we needed help with raising a barn, more than 200 people showed up to build it."

The community project built what's now called the Blue Barn Farm Market, a roadside stop where customers can buy flowers, bedding plants, fresh eggs and locally made goat cheeses.



Today at the corner location, the Arnoskys grow cut flowers on 40 acres and inside 29 greenhouses. Four greenhouses are propane-heated for winter production, and the rest are gigantic cold frames that convert into shaded growing houses for hot days.

As soon as they're cut, flowers go straight into water-filled buckets. Next, they are hand-bunched, wrapped in cellophane sleeves and put into coolers for delivery on trucks to three Central Market stores and 40 H-E-B Blooms shops. In addition, Arnosky flowers retail at the Austin Flower Co. and are sold direct to do-it-yourself brides for weddings.

Altogether, wholesaling generates approximately 84 percent of the farm's revenue, and the rest comes from sales at the Blue Barn.

On the flip side, that much production requires a lot of physical work. Year-round, the couple employs five full-time farmhands and four part-timers. They also hire seasonal guest workers through the federal H-2A Temporary Agricultural Workers program.

"Farmers can't farm without labor, and we use only legal labor," Pamela says. "On our farm, every H-2A position supports two or more full- or part-time positions, such as drivers, for U.S. workers. So the program generates jobs."

CORNERING THE MARIGOLD MARKET

The journey to success hasn't been easy. Tornadoes, ice storms, floods and grasshoppers have clobbered the farm from time to time. Yet, through thick and thin, Pamela homeschooled their children — Derrick, Hannah Rose, Janos and Elena — and the farm provided them with after-school jobs and financed their college educations. Although none of them have returned to the family business, their parents understand.

"All of our children are outstanding in their fields — they just aren't our fields!" Pamela quips.

Never ones to wring their hands, Frank and Pamela are always on the lookout for

Sheryl Smith-Rodgers



Pamela Arnosky answers questions from young flower shoppers.

THEIR OWN FARMERS MARKET

At a table piled high with fresh-cut flowers, Pamela Arnosky arranges white lilies, red ranunculus and pink tulips into cellophane-wrapped bundles. While she works, local residents and passing tourists step in and out of the Blue Barn Farm Market, an open-air barn painted royal blue and fashioned after a German society hall. They've come to buy flower bouquets, browse green lettuce in plastic bins, look over bedding plants in a nearby greenhouse, and maybe stroll through a flower field.

"We want people to think of the Blue Barn as their rural community center, and also as a destination," Pamela says.

Toward those goals, the Arnoskys host annual community potlucks and old-fashioned dances at the Blue Barn. They invite visitors to walk the flower fields and chat with Pamela when she's there on Saturday mornings. They even hosted participants in the American Grown Field to Vase Dinner Tour at a supper in the Blue Barn two years ago.

Most recently, they conducted a workshop on how to grow cut flowers. Profits from the classes will go toward expanding the barn.

"We plan to put in a pavilion, kitchen, farm store, meeting areas and restrooms," Pamela says. "We want the Blue Barn Farm Market to be a lively gathering place that's both innovative and educational."

new opportunities. One came a few years ago when Pamela recognized a growing market for yellow, gold and orange marigolds among South Asians and Latin Americans. So she and Frank upped production of the annual flower, which is traditionally used for decoration at Dia de los Muertos (Day of the Dead) celebrations.

"We are possibly the largest marigold grower in the United States," Pamela says. "For Dia de los Muertos alone, we grow

30,000 plants. For 28 weeks from March to September, we put out 6,000 plants a week. Then we grow them in greenhouses until Thanksgiving to extend their season. We produce close to 200,000 marigold plants a year."

Floral illustrations by
Zhanna Smolyar/Shutterstock.com

Through the years, Frank and Pamela have worked hard to promote locally grown flowers. He is a past president of the Association of Specialty Cut Flower Growers and currently serves on the American Grown Flowers advisory council. The two are co-authors of “Local Color: Growing Specialty Cut Flowers,” a collection of regular columns they wrote for Growing for Market magazine.

“As an industry, we’re up against imported flowers grown mostly in Columbia and Ecuador, where the climate’s better and costs are cheaper,” Frank says. “We want to raise awareness that consumers have a choice to buy American-grown flowers, which last longer and support local farms. All our bouquets have the certified American Grown logo.”

EXPANDING NORTH AND WEST

As if they didn’t have enough to do, the Arnoskys branched out to Minnesota in 2013, buying 87 acres near Lake Superior where they planted 11 acres in peonies, a perennial that tolerates sub-zero temperatures. Their Superior Peonies farm will go online in 2019.

“When temperatures get too hot at our Central Texas farm, we’ll harvest peonies in Minnesota,” Pamela explains.

From the start, risky ventures have never intimidated the Arnoskys. So when Frank proposed another one in December 2016, Pamela didn’t flinch.

“Are you brave enough to sell everything here and grow peonies in West Texas?” he asked while they were seeding spring transplants. “Yes,” she shot back.

That night, Frank surfed real estate on the Internet.

“Look,” he exclaimed to his wife. “Remember that land we’ve loved near Fort Davis? It’s for sale.”

The next weekend, they made the six-hour drive to see 58 acres of red dirt and high desert plains, located at the foot of Blue Mountain.

“We’d had our eye on that land for years,” Pamela says. “We used to pass by it when we’d camp out with our kids in Fort Davis every summer and fall.”

A PLACE FOR PEONIES

Right away, they made an offer on the Fort Davis land.

“It tickled me that we were able to provide the financing so they could accomplish their goals. They’ve done the rest to be successful.”

— Jim Price, Capital Farm Credit

“We assumed that we’d have to sell part of our farm in order to finance it,” Pamela says. “Then it occurred to us that, since we’d paid down our note significantly and the equity in our land had increased,

Capital Farm Credit might finance the new purchase instead.”

The Arnoskys contacted Chase Lore with the Lockhart branch office, and she made it possible for them to roll their existing note into a new one. As soon as the deal closed in June 2017, the Arnoskys headed

FLOWERS BY THE SEASON

At Texas Specialty Cut Flowers, fresh flowers are available almost year-round. Following are some of their most popular ones.



SPRING

- Dianthus
- Iris
- Larkspur
- Snapdragons
- Texas Wildflowers
- Tulips

SUMMER

- Black-eyed Susans
- Blue Cornflower
- Echinacea
- Sunflowers
- Texas Bluebells
- Zinnias

FALL

- Cockscomb Celosia
- Fall Mums
- Lilies
- Marigolds
- Plume Celosia
- Salvias

WINTER

- Anemones
- Calla Lilies
- Lilies
- Poppies
- Ranunculus
- Sweet Peas



Whitney Devlin

Frank and Pamela Arnosky in a field of marigolds on their Blanco, Texas, farm. They are one of the largest marigold growers in the U.S. In May, the Arnoskys contributed flowers for the First Lady's Luncheon in Washington, D.C., and Pamela helped design the American-grown floral arrangements for the event.

to Fort Davis. That weekend, they camped and plotted out peony fields.

"Pamela later e-mailed me some selfie photos from their land," Lore says. "One of the best parts of my job is helping people like the Arnoskys achieve their goals and dreams. They've earned this opportunity, and we wanted to be a part of their new location."

Like their Minnesota venture, the Fort Davis farm will take several years to get established.

"We laughingly call it our 'active retirement plan,'" Pamela says. "Peonies bloom over a three-week interval, and that's it. We'll spend the rest of the year in Fort Davis cultivating them."

"Our West Texas farm wouldn't be possible without Capital Farm Credit," Frank adds. "They allowed us to use our farming success to build our business, and we couldn't be more grateful." ■ SSR

For more information, visit texascolor.com.



Kanokwalee Pustanun

Red poppies light up a field beside the Blue Barn, where customers can purchase fresh flowers, bedding plants, eggs and local goat cheeses.



**“ WE HAVE A PASSION FOR THE
INDUSTRY, WE LIKE THE FARMERS WE
WORK WITH, AND WE TAKE PRIDE IN
HELPING THEM SUCCEED.”**

— BRANDON STUART

NOT A *Shred* WASTED

By grinding up pecan tree trimmings, New Mexico's Valley Shredding helps the environment and pecan growers from Texas to Arizona.

Until a decade ago, most southern New Mexico pecan growers burned their tree prunings. For weeks every winter, smoke would fill the air in the Mesilla Valley, the heart of New Mexico's pecan-growing region. But as it became increasingly difficult to obtain permits for agricultural burning, lifelong friends Ryan Jaramillo and Brandon Stuart recognized a solution to the waste problem — and a business opportunity for themselves.

With one shredding machine, the two young agriculturalists started Valley Shredding in 2007 — and haven't looked back.

Today, Jaramillo and Stuart own five Flory Industries pecan shredders, each costing about \$400,000, and handle tree trimmings for growers in three states, on operations ranging from 1 to 1,000 acres.

"We are now the largest Flory shredder owners in the U.S.," Jaramillo says.



Nancy Jorgensen

Business partners Brandon Stuart, left, and Ryan Jaramillo examine a handful of pecan mulch. Fine like toothpicks, the mulch can be worked into the soil.

IMPROVING AIR AND SOIL QUALITY

If you're picturing a backyard wood chipper, think bigger. These self-propelled shredders are designed for pecans, because pecan wood is harder and the trees larger than other orchard trees. The machines run on Caterpillar-like track drives. Their 9-foot front-feed chews up limbs as thick as 4 inches, and spits out small shreds as it moves along — shreds that the farmer later incorporates into the soil.

In the past, growers pushed tree trimmings to the end of the field and burned them after harvest.

"The Mesilla Valley was smoky, gloomy and nasty for months, and people got allergies from the smoke," Jaramillo says. "Now that we shred the trimmings, we like to say we're saving the valley one twig at a time."

Today, burning agricultural waste is more restricted than ever. The New Mexico Department of Environmental Quality allows burning only on wind-free days, and limits the number of permits issued at a time.

Besides improving air quality, shredding offers other benefits, as well:

- Shreds build up organic matter in the soil around the pecan trees, which encourages root growth and helps retain water. Most valley farmers flood-irrigate, pumping water from the Rio Grande river and underground wells.
- Shreds release nitrogen into the soil, improving fertility.
- In heavy clay soil, pecans can fall into cracks in the earth, reducing nut harvest. Incorporating shreds into the soil helps prevent cracking.
- Traditionally, pecan trees produce nuts every two years, but "hedging" or trimming the trees allows more sunlight to reach the branches. Hedging, combined with plowing shreds into the soil, promotes more consistent pecan production and quality from year to year.

SEASONAL WORK

Valley Shredding continues to grow each year, along with increased pecan acreage in the Mesilla Valley. New Mexico is one of the nation's top pecan-producing states,



Nancy Jorgensen

Ag New Mexico Relationship Manager Elizabeth French, center, visits with Brandon Stuart, left, and Ryan Jaramillo in front of one of the five pecan shredders that the Farm Credit lending co-op financed for Valley Shredding.

and the valley's Doña Ana County is the state's largest pecan-producing county. Stuart estimates that the Mesilla Valley has about 40,000 acres of pecan trees, and

windrowing the branches, they hire Valley Shredding to chew up the limbs.

Besides running the shredding company, which is based in Las Cruces, Jaramillo and Stuart — who attended New Mexico State University together — also hold full-time jobs in the pecan industry.

Jaramillo is sales manager at Bissett Specialty Equipment, which offers pecan-related brands including Flory and New Holland. Stuart is director of procurement for John B. Sanfilippo and Sons Inc., the parent company of Fisher Nuts, a leading nut brand in the nation.

“AG NEW MEXICO UNDERSTANDS AGRICULTURE AND FARM EQUIPMENT. THEY WELCOMED US AND TAKE GREAT CARE OF US. THEY WORK WITH OUR SEASONAL CASH-FLOW CYCLE AND ADJUST PAYMENT SCHEDULES THAT WORK FOR US.”

— BRANDON STUART

Valley Shredding serves more than half of that acreage.

"Over the years, people have really seen the benefits of what we do," Stuart says. "We have a lot of repeat business. Our only complaints come when we can't get into a grower's orchards fast enough."

Shredding is a seasonal activity lasting from January to April. Growers begin hedging in December and January following harvest, and finish the work before the sap runs and the leaves appear in early April. After

These days, the partners rarely drive the shredders themselves, because their focus is on management and customer relations. Instead, one employee is assigned to each machine, with responsibility for operating and maintaining the shredder, which can cover 3 to 5 acres an hour.

"We don't take any vacations or weekends off during the shredding season," Stuart explains.

FINANCING MAKES THE DIFFERENCE

Financing from Ag New Mexico, part of the Farm Credit System, has been critical to Valley Shredding's success.

“When we started out, we had trouble getting financing from a local bank,” Jaramillo says. “We heard that Ag New Mexico understands agriculture and farm equipment. They welcomed us and take great care of us. They work with our seasonal cash-flow cycle, and adjust payment schedules that work for us.”

“We never would have grown this big without the help of Ag New Mexico,” Stuart adds.

Elizabeth French, relationship manager for Ag New Mexico in Las Cruces, has worked with Valley Shredding for five years.

“They’re very knowledgeable about the pecan industry and responsive,” says French. “I have enjoyed watching them grow and flourish, and Ag New Mexico appreciates the opportunity to serve them as customers.”

Jaramillo and his wife, Kaylene, learned more about Farm Credit last year when they represented Ag New Mexico at the Farm Credit Young Leaders Program. As part of the program, they visited New York

“WE ARE NOW THE LARGEST FLORY SHREDDER OWNERS IN THE U.S.”

— RYAN JARAMILLO

and New Jersey, where they toured a Wall Street brokerage firm and the Federal Farm Credit Banks Funding Corporation. They also traveled to Washington, D.C., and met with congressional leaders.

“I shared my views on how Farm Credit is different than other banks,” Jaramillo said. “Farm Credit is especially important to young agribusiness owners like us.”

DREAMING OF THE FUTURE

By the end of the shredding season, Jaramillo and Stuart are ready to take a break and spend more time with their families. They don’t want to enlarge their

business further because it’s difficult to find good workers. In fact, they retain some employees year-round to ensure they will have help available during shredding season and to maintain the equipment during off-months.

Asked why they work so hard, Stuart is quick to answer.

“We have a passion for the industry, we like the farmers we work with, and we take pride in helping them succeed,” he says.

Stuart’s father-in-law, Dickie Salopek, one of the valley’s largest pecan growers, encouraged them to start the business. Now they dream of someday passing the business along to their children. Stuart and his wife, Sharla, who helps with the company’s bookkeeping, have two youngsters — a daughter, Ava, 10, and a son, Braydon, 7. The Jaramillos have a daughter, Bryley, 5, and a son, Rhys, 3.

Who knows? In a few years, one of the children may take over the seat of a Flory shredder. ■ NJ



PECANS BY THE NUMBERS

- New Mexico ranks as the second-largest pecan-producing state, with 72 million pounds of production in 2016. Georgia ranks first and Texas third.
- U.S. pecan growers produced 269 million pounds in 2016 — approximately 80 percent of the world supply.
- A high-value crop, New Mexico pecans sold for an average of \$2.96 per pound in 2016 — higher than the average U.S. price.
- New Mexico growers produced an average of 1,800 pounds per acre in 2016.
- A pecan tree takes seven to 10 years to produce a full supply of nuts, but once the process starts, the tree can produce for up to 100 years.

Source: USDA NASS and the U.S. Pecan Growers Council

L I V I N G G R A N D



On the Texas South Plains, three generations carry on RJ Rowden's legacy of hard work, trust in each other and love for farming.

Imagine having 10 kids and trying to eke out a living on a cotton farm in dusty West Texas nearly a century ago. And then getting sick.

That's what happened to tenant cotton farmer John Rowden in 1927. Weakened by tuberculosis, he walked into a bank in Brownfield, Texas, with his wife, Martha, and their 11-year-old son, RJ.

"These two are taking over the farm," John told the banker. "We want to buy it, but I don't know if they'll make it or not. I don't have a clue because I've got to go to the hospital. You can loan them the money or not."

For whatever reason, the banker gave them a loan. A year later, Martha and young RJ,

D A D ' S L E G A C Y



“If there’s a legacy, it’s called work ethic. You made sure you kept going because you didn’t want to disappoint Granddad.” – Wade Rowden

Laurie Tolboom

Four generations of the Rowden family from Brownfield, Texas

who’d quit sixth grade to keep the farm going, returned to the bank.

“Oh, you’re here to make a payment on the land,” the banker said.

“No, sir, we’re not,” Martha replied politely. “We’re here to pay it off.”

Generations later, that powerful anecdote still resonates with RJ Rowden’s family, a close-knit circle of descendants who have continued his farming legacy in Terry County, southwest of Lubbock.

RJ — who died at age 96 in 2013 and was a customer of Farm Credit for more than 60 years — went on to have two children and seven grandchildren.

Today, son Lewayne Rowden and his four sons — J, Wade, Scott and Sean — along with J’s son Reese farm independently and as partners. They all maintain offices in a shared building on the Brownfield square, where they’ve gathered on an April afternoon to talk about their ag businesses, farming heritage and AgTexas Farm Credit connections.

Less Physical Work, More Debt

“I remember Granddad telling that story clear as day,” says Wade, who’s seated with everyone at a conference table. “The struggles we face today as farmers have changed from his, but they’re still just as hard. Back then, Granddad could get an outside job and pay off his note in a

month. Nowadays, the amount of dollars it takes to farm is ludicrous.”

“I couldn’t physically work as hard as Granddad did,” J adds. “But then he wouldn’t want the debt load that I have. As a boy, he and his family survived on 160 acres. Altogether, our families farm mostly cotton, peanuts, wheat and some small grains on 42,000 to 45,000 acres. Yes, we have a different standard of living today, but that gives you an idea of where agriculture has gone in the last 100 years. That’s why you see fewer and fewer staying on the farm.”

RJ eventually inherited the original 160 acres. Through the years, he and his wife, Ruth, bought out his siblings’ farmland.

In 1946, he signed his first one-year note with Lubbock Production Credit Association, now AgTexas Farm Credit, starting a financing relationship that has lasted 72 years. The \$1,600 loan helped to pay for a tractor with a planter and lister plow that cost \$2,400. That year, RJ's crops earned only \$1,000. Resilient and hard-working, he got an extension on the note, took on extra jobs and repaid the loan.

In his later years, RJ went on to help his son and grandsons get started in farming. None of them, however, had planned to farm. Lewayne joined the U.S. Navy after high school, and his four boys headed to college.

"We all went to school for a little while," Wade says. "And we all had absolutely no intentions of coming back to the farm. But we did, because we missed it."

Launching Four Sons

J started farming in 1991 and Wade in 1994 after RJ co-signed operating loans for them with AgTexas Farm Credit.

"Granddad said, 'These boys will work hard enough to pay off their notes,'" Wade recalls. "He would tell anybody that. If there's a legacy, it's called work ethic. You made sure you kept going because you didn't want to disappoint Granddad."

Sean, Lewayne's youngest son, joined the family farming operation in 2000.

"Granddad co-signed a two-year note with me," he says. "To get started, I used everybody's equipment — Granddad, Dad, J and Wade. That year, I only ginned four bales of cotton on 230 acres. It was a bad year. Thank goodness for the crop insurance we have with AgTexas!"

Scott, the second eldest son, went on to graduate school while working at a cotton gin in Terry County. He earned a master's degree in finance, then worked in Dallas until 2008.

"I'd had enough of corporate life and didn't want to raise a family in Dallas," he explains. "So I went back to the farm and used my 401(k) as collateral for an operating loan with AgTexas."

Mentoring the Next Generation

Like his grandfather, father and uncles, Reese hoed cotton as a boy alongside his great-grandfather RJ.

"I didn't chop as many acres as they did," he says with a grin. "But I remember Great-Granddad helping me and my

brother, Gage, hoe at age 90. He wouldn't let us take a break, either."

In 2015, Reese started his own 800-acre cotton operation, Triple R Farms.

"Dad has co-signed operational loans with me for the past two years at AgTexas," Reese says. "He and PaPa have taught me how to make a crop, like when to plow, fertilize and plant, how much to plant, and how much to fertilize. There are a lot of things that go into making a successful crop."

Today, with cotton prices flat and new row-crop tractors costing as much as \$350,000, that kind of mentoring for young farmers is more important than ever.

"When I started farming, I had to learn from my mistakes," J says. "Like the time when I put out 400 pounds of fertilizer because I wanted the biggest yield in Terry County. Back then, fertilizer cost \$80 to \$100 a ton. Now it's \$400 to \$500 a ton. If I allowed Reese to make such mistakes, he could never have had a successful start. Mistakes when I got started didn't add up to a million dollars. Margins are so thin now that you have to be big to absorb them."

Diversification helps, too. Scott runs 100 head of Angus cattle with a partner. Four years ago, Sean and Wade planted vineyards with the goal of producing their



“We’re farming today because of the grace of God, AgTexas Farm Credit and Granddad. They’ve all been so very good to us.” – J Rowden

own wine. Sean tends eight grape varieties on 35 acres; Wade and a partner grow 14 varieties on 49 acres.

“You have to raise things that people want, not what they need, in order to make money,” Wade says. “Through the years, we’ve tried to grow everything else out here, so why not grapes?”

“I like the idea of grapes because I can have something from start to finish,” Sean adds. “With cotton, you take it to the gin, and you’re done. I want to be the middle-man and make some money there. I can grow them, harvest them and make wine.”

Family Comes First

People often ask the Rowdens how they are able to successfully farm together and stay intact as a family.

“Trust me, we have our differences and our own way of doing things,” J says. “That’s why we have separate operations. With our partnerships, we decide together. If we’re in agreement on something, we do it. If we’re not, we don’t. It’s just like a good marriage. There has to be compromise in order for it to be a success.”

Gary Jones, senior vice president of lending at AgTexas Farm Credit in Brownfield, has worked with the family since the 1990s.

“I remember RJ as being an honest and upright man, and he instilled those values in his family,” Gary says. “Family to RJ was important. He left that legacy — business

is business, and you may not get along. But you’ll always be family.”

Bree Nelson, regional vice president with AgTexas’ insurance services, serves the Rowdens’ crop insurance needs. “Farming is a trust- and relationship-based business,” she says. “These guys share a level of trust that’s hard-pressed to break.”

The brothers care about one another’s families and spend time together at the office, on the phone and in the field.

“We come together at harvest time and sometimes at planting,” Wade says.

“Wherever someone needs something, that’s where we go.”

“We’re farming today because of the grace of God, AgTexas Farm Credit and Granddad,” J adds. “They’ve all been so very good to us.” ■ SSR



Sheryl Smith-Rodgers

Three generations of Rowdens farm together and separately in the Brownfield area of West Texas. Pictured from left to right are Scott, Wade, Lewayne, Reese, J and Sean Rowden. The family has financed with AgTexas since 1946.



Sheryl Smith-Rodgers

J Rowden checks a spring wheat crop, which performed well under center-pivot irrigation.

FARMING *THE* GULF

While building a reputation for its oysters on the half shell, Alabama's New Reef Oyster Co. is helping improve the local economy and the environment.

The Gulf Coast waters of Portersville Bay, Ala., are glistening on this spring morning as Dr. John Webster's 21-foot skiff speeds away from Bayou La Batre, southwest of Mobile. In the distance, specks of lines and floating wire baskets start to bob into view.

Capt. Steve Bessette, general manager of Webster's oyster farm, New Reef Oyster Co., slows the skiff to a putter as it approaches a boat where two employees are methodically working their way along rows of bobbing oyster baskets.

With well-practiced moves, the workers lift the heavy mesh baskets into their skiff and count and sort the oysters in each, separating those that are ready for market and returning the remaining oysters to the shallow waters to live another day.

But those baskets hold more than the next crop of Alabama oysters. Oyster farming, as it is known, is improving the local economy and the estuary upon which it depends.

TESTING THE WATER

Webster first became intrigued with oyster farming six years ago, when Auburn University launched a pilot project that leased 2-acre start-up tracts in the bay to fledgling producers and showed them how to raise oysters.

An army veteran and pathologist who practices in Pascagoula and Ocean Springs, Miss., he was among a handful of farmers who took advantage of the Auburn program until it ended after five years. By then, Webster was convinced of the opportunity presented by Alabama oyster farming and had fortuitously learned of a 730-foot waterfront tract for sale, with riparian rights extending out 1,800 feet.

"When Auburn lost their lease down here and I learned of this opportunity, the next conversation I had was with Alabama Ag Credit," says Webster, who previously financed a timber tract and later a cattle tract in Monroe County with Loan Officer Michael Williams. "Alabama Ag Credit's agricultural lending expertise has helped me move our oyster farm to a site where we can develop a successful operation for the long term. I couldn't have done it without them."



Dr. John Webster, above right, checks the quality of his farm-raised oysters, while employees sort them by size.

Robert Fouts



New Reef Oyster Co. general manager Steve Bessette, left, and owner John Webster speed toward Coden on the Alabama coast, where the company expects to produce 2.2 million oysters this year. The entire crop was pre-sold in early spring.

LANDSCAPES

“Alabama Ag Credit’s agricultural lending expertise has helped me move our oyster farm to a site where we can develop a successful operation for the long term. I couldn’t have done it without them.”

– Dr. John Webster



Robert Fouts

This portion of the riparian rights that is usable for oyster farming is 20 acres. It was important to Webster to continue building the cooperative support system that he and other early-stage farmers had benefited from. So rather than farm the entire tract himself, he opted to lease 4 acres to two other farmers and lease 2 acres to Auburn for ongoing research and education. On the remaining 14 acres that New Reef Oyster Co. currently operates, he expects to produce 2.2 million oysters this year, and 4 million oysters in 2019 — barring any risks that could befall the crops.

Although the hurricanes of the 2017 season had minimal impact, Alabama oyster farmers have fought hurricanes; tropical storms; water temperature variations that inhibit plankton growth, the oysters' main food source; long periods of excessive rains, which drive the salinity down and cause pre-emptive closures; and turbidity, which is water cloudiness caused by dense particles.

"We lost a little over half the inventory one year, and another year I had 600 cages all busting at the seams that I couldn't sell due to a very prolonged closure," Webster says. "Just last night, the river upstream went over by 8 feet, and we were shut down."

Before any growers can reopen and harvest oysters after a shutdown like that, the state health department must first test the waters for safety. Because of health concerns, traceability of oysters is taken seriously by farmers and public health officials. Each harvest bag is tagged with its harvest date and source. Farmers may sell only to licensed distributors, who in turn market the premium, precisely sized 2.5- to 3-inch oysters to upscale raw oyster bars and restaurants. Those larger than 3 inches become "cooking oysters."

SPAWNING A GROWING INDUSTRY

Historically, Alabama has been one of the largest oyster processors in the country. Only in the past decade has Alabama

evolved from the traditional practice of harvesting wild oysters with tongs to farming oysters in cages. In fact, Alabama's first commercial oyster farm was only established in 2009.

Today, Alabama has 13 commercial oyster farms with about 25 acres in production, according to Auburn University. Those farms employ one of three farming methods:

- On-bottom farming keeps the oysters submerged at all times along the seafloor.
- Off-bottom farming uses floating mesh baskets or baskets attached to long lines.
- Off-pier farming enables individuals to raise oyster gardens from an existing pier.

Oysters spawn from late spring through late summer, during which time farmers purchase seed stock from a nursery. Oyster seed that is ¼-inch in diameter is received in sacks of 30,000.

WHERE TO FIND MON LOUIS OYSTERS

- DumbWaiter, Mobile, Ala. — dumbwaiterrestaurant.com
- Food Bar, Birmingham, Ala. — foodbarbham.com
- Kimball House, Atlanta, Ga. — kimball-house.com
- White Pillars, Biloxi, Miss. — biloxiwhitepillars.com

Until this year, seed stock was available only through the Auburn University Shellfish Laboratory on nearby Dauphin Island.

“Last year, we did 18 spawns, and by Labor Day, we quit spawning,” says Dr. Bill Walton, Auburn associate professor, senior marine scientist and Extension specialist. But as the number of growers has expanded, the need for more seed stock has created new business opportunities for local entrepreneurs. With Auburn’s start-up support, two commercial hatcheries are now operating in the region.

As one of the largest oyster producers in the state, New Reef purchased 2.2 million seed last year and will purchase 4 million this season. Those youngsters will grow about ¼-inch per month until they reach market size in about a year. The 36-by-54-inch floating cages initially can hold as many as 90,000 seedling oysters, but the seed is split multiple times until there are about 1,000 mature oysters in each cage.



Robert Fouts

Alabama Ag Credit customer John Webster, one of 13 commercial oyster farmers in the state

“Once the seed goes to the farmers, it’s up to them as to the type of husbandry and gear they use,” says Walton. “John is one extreme, with boats and hands-on labor. On the other extreme is another farmer who has gone to a highly automated system, with optical graders to sort and divide the oysters by size.”

Webster opted for the floating cages because they perform well in variable depths of water, and enable a higher density per acre of production than the Australian long-line system used by his neighboring farmers.

“The floating gear can expand out to deeper water, which will allow John to utilize the entire lease,” says Walton.



Oysters raised in floating baskets, a practice known as off-bottom farming, are protected from most predators and have a higher survival rate than bottom-raised oysters.

Robert Fouts

BENEFITS OF OYSTER FARMING

- Does not depend on natural reef, nor does it negatively impact the local reef, which has deteriorated in recent decades
- Yields high-quality oysters that can be harvested according to size
- Helps improve water quality in the estuaries of the Gulf Coast bays, where freshwater and saltwater mix
- Creates jobs and contributes to the economy, from the boating trade to the restaurant sector



Farm-raised Gulf oysters can earn a premium on the retail half-shell market.

BRINGING OYSTERS TO MARKET

Mondays and Wednesdays are designated harvest days, consumed with sending oyster orders to distributors.

To set his product apart, Webster brands his oysters Mon Louis Oysters, named after the nearby Mon Louis Island.

“The Mon Louis is a 2.5- to 3-inch oyster, which is the optimum size for high-end raw bars and white-tablecloth restaurants,” he says.

“I have adopted the Toyota business model — high quality, low cost,” says Webster.



Robert Fouts

A mesh oyster basket is lifted into a skiff, where the oysters will be dumped and sorted. The baskets will be flipped and air-dried to prevent fouling, which is caused by algae, barnacles and marine organisms.

Admittedly, selling a crop of 2 million oysters this season was worrisome initially — until he received an order in early spring for the entire crop.

“John is essentially a microbrewer of oysters,” says Walton. “There are people still tonging oysters on a reef, and those oysters will all go to the shucking house. But where you will make a living is in the half-shell oyster business.”

For Webster, New Reef Oyster Co. is about a lot more than simply selling high-quality oysters. The opportunity to improve the environment and the economy is also important to him.

GOOD FOR THE ESTUARY

Oysters feed on excess plankton and filter the water, keeping it clean for underwater grasses and other aquatic life. In fact, one oyster can filter more than 50 gallons of water in a day.

“Within this 24 acres of upland and 20 acres of usable riparian rights, we have three small ecosystems — longleaf pine savannah, salt marsh, and then a marine

habitat where the first 300 to 400 feet from the salt marsh out that’s too shallow to work is living shoreline and the rest is oyster farm,” he says. “That is savannah grass, marsh grass and sea grass. Sea grass is probably as valuable as oyster reef to the estuary.”

At the front of the upland property, Webster has planted 200 longleaf pine seedlings, using concentrated high-impact practices to minimize the human footprint on natural habitat.

Before oyster farming began its new genesis on the Alabama coast, local jobs were hard to find.

“In 2012, the economy here was the worst I’ve seen,” Webster recalls. “This is labor-intensive, and lots of people need jobs. As the business has grown, it has created new opportunities for others.”

His distributor alone has doubled its processing plant to handle Mon Louis Oysters and products from the other farms.

“This is not oyster aquaculture to feed the world,” says Walton. “This is aquaculture to supply the local-regional market, create jobs and improve the environment.” ■ SD

What the New Tax Law Means for Agriculture and Rural Landowners

The largest overhaul of the U.S. tax code in three decades went into effect this year, impacting farmers, ranchers and other rural landowners in a variety of ways. For the most part, financial experts anticipate benefits for these groups.

“The 2018 tax law changes include several items that I feel will be beneficial to agricultural producers,” says Burl D. Lowery, a Brownwood, Texas, certified public accountant (CPA) and a director of Central Texas Farm Credit. “The increase in the exemption in estate and generation-skipping taxes to \$11.2 million in 2018 will allow more farmland to be passed to future generations with less or no estate tax.”

Lowery and fellow CPA John R. Adams, a director of Alabama Farm Credit, point to several key

“The increase in the exemption in estate and generation-skipping taxes to \$11.2 million in 2018 will allow more farmland to be passed to future generations with less or no estate tax.”

— Burl D. Lowery, CPA

changes they believe could reduce the tax burden on some farmers. These include:

- A 20 percent deduction for pass-through income
- Extension of the bonus depreciation on capital purchases, allowing a 100 percent write-off on new or used equipment in the year of purchase
- An overall reduction in tax rates
- A new flat tax rate for corporations

“While simplification was a goal of tax reform, much complexity still remains,” says Adams, who is with the accounting firm of Byrd, Smalley & Adams in Decatur, Ala. “For that reason, it is imperative that producers begin the planning process now with their tax advisors.”

Following are some of the provisions of the Tax Cuts and Jobs Act that will affect agricultural producers in 2018.

Individual Tax Brackets

The new federal tax law was expected to change some of the individual tax-rate brackets and adjust the bracket amounts. While the total number of brackets remains at seven, the top rate will fall from 39.6 percent to 37 percent, and the amount of income covered by the lower brackets has been adjusted. This is significant as the vast majority of farmers pay taxes as individuals.

TAX RATES | 2018 - 2025

Marginal Tax Rate	Taxable Income, Individuals	Taxable Income, Married Filing Jointly
10%	Up to \$9,525	Up to \$19,050
12%	\$9,526 to \$38,700	\$19,051 to \$77,400
22%	\$38,701 to \$82,500	\$77,401 to \$165,000
24%	\$82,501 to \$157,500	\$165,001 to \$315,000
32%	\$157,501 to \$200,000	\$315,001 to \$400,000
35%	\$200,001 to \$500,000	\$400,001 to \$600,000
37%	Over \$500,000	Over \$600,000

Source: Tax Foundation, Final Tax Law, published Dec. 15, 2017

Standard Deduction

The standard deduction for individuals increases to \$12,000 for single filers and \$24,000 for joint filers.

Section 179 Depreciation Deduction

Beginning with the 2018 tax year, farmers will be allowed to immediately write off capital purchases, including breeding livestock, farm equipment and single-purpose structures, such as milking parlors, up to \$1 million dollars. The phase-out of this expensing provision does not kick in until a farm reaches \$2.5 million in purchases.

Bonus Depreciation

Farmers will now be able to write off 100 percent of qualified property purchased after Sept. 27, 2017, through the year 2022, at which time a phase-down occurs.

The new law expands bonus depreciation to include both new and used property that is purchased or constructed. The 100 percent deduction also applies to fruit- and nut-bearing plants that are planted during the year.

It is important to note that many states do not conform exactly to the federal bonus and Section 179 depreciation provisions. For example, a farmer expensing 100 percent of a \$3 million capital purchase with bonus depreciation may not receive that \$3 million deduction at the state level.

Farm Equipment

Farm machinery and equipment (other than grain bins, fences or other land improvements) will be eligible for depreciation over five years, rather than the previous seven years, as long as the original use of the asset begins with the taxpayer.

Like-Kind Exchanges

Like-kind exchanges are limited to real property. For example, farmers can still swap land for other land tax-free, but equipment trade-ins will no longer be tax-free events.

\$25 Million Interest Deduction Limitation

Businesses, including farms, will now be limited on interest-expense deductions when their gross receipts exceed \$25 million. If applicable, the interest deduction cannot be more than the business interest income plus 30 percent of adjusted taxable income. Taxable income is computed without regard to certain adjustments, such as business interest expense and net operating losses.

Farmer cooperatives and other farming businesses may elect to be exempt from the interest-expense limitation. In exchange, such businesses may use an alternative 10-year depreciation system.

There is an election that farmers may consider in order to avoid the limitation. The catch, however, is that a slower alternative depreciation system will have to be used on farm property with a recovery period of 10 years or more, such as greenhouses and barns. Farmers will be permitted to carry interest forward indefinitely, subject to some pass-through limitations for partnerships.

Corporate Tax Rate

Although the new flat tax rate will benefit most farmers by decreasing their tax rate, some farming corporations that fall within a 15 percent tax bracket may actually see a tax-rate

increase. Those producers may want to visit with their accountants or attorneys about possible tax advantages to modifying their corporate structure.

Cash Method Accounting

Farmers with average gross receipts (more than three years) under \$25 million will be permitted to use the cash method of accounting. Additionally, these taxpayers will not be required to account for inventories under Section 471. However, cash-basis taxpayers will not be able to deduct inventory until sold. The uniform capitalization rules are also removed for taxpayers under the \$25 million threshold.

Net Operating Losses

The law limits net operating losses (NOLs) to 80 percent of taxable income. Farmers are permitted a two-year NOL carryback.

Domestic Production Activities Deduction

The Section 199 domestic production activities deduction (DPAD) has been repealed. As a result, some cooperatives may accelerate that pass-through deduction to patrons before year end.

Estate Tax

The federal estate tax exemption rate will double to approximately \$11.2 million per individual and \$22.4 million for married couples in 2018. These increased amounts will sunset on Jan. 1, 2026.

Deductions for Cooperatives

The tax bill eliminated the Section 199 tax deduction for domestic production activities income used by farmer-owned co-ops and typically passed on to their member-owners. It was replaced by Section 199A, which provides a pass-through deduction for virtually all entities other than corporations.

As originally written, Section 199A included a 20 percent deduction on all payments from a farmer co-op to its members, a provision to which owners of private grain elevators objected. In March, the omnibus spending bill corrected the so-called grain glitch.

The “fixed” version of 199A essentially puts Section 199 back into the code, so that it operates as closely as possible to the “old” 199. Under the new version, co-op members calculate their own deduction, and can also receive a pass-through deduction from the co-op. One significant change in the new law is that taxpayers structured as C corporations are not eligible for the 199A deduction.

Noncorporate Taxpayers

Like cooperatives, noncorporate taxpayers will get a 20 percent deduction that may be used to offset ordinary income.

Of concern, much like the DPAD that is being repealed, are limitations associated with the noncorporate taxpayers’ 20 percent deduction, such as the amount of wages and unadjusted tax basis the businesses have. The cooperative members’ deduction has limitations as well.

These limitations are somewhat complicated, and certain provisions remain unclear as to their mechanics. Additionally, the deduction only offsets income tax, not self-employment tax. One of the concerns with the deduction is that it may be of little use to dairy farmers who cull cows, since any capital gain sales, such as raised cows, limits the impact of the deduction.

“It is imperative that producers begin the planning process now with their tax advisors.”

— John R. Adams, CPA

Breweries, Distilleries and Wineries

Alcohol manufacturers will enjoy a reduction in excise tax for the next two years. The new legislation also excludes the aging periods for beer, wine and spirits from the production period with regard to the uniform capitalization (UNICAP) rules, thereby allowing deductions over a quicker time frame. The credit against the wine excise tax also was expanded. Sparkling wine producers are included.

The Affordable Care Act

The Affordable Care Act (ACA) was not repealed with the new tax provisions. While the individual health insurance mandate technically remains, the penalty has been reduced to \$0, effectively rendering it moot. However, beginning in 2019, other aspects of the ACA, including the employer mandate, remain in place as before.

— Article courtesy of Farm Credit East

Adapted from an article titled “What the New Tax Law Means for Northeast Agriculture,” published at FarmCreditEast.com in December 2017 and updated in 2018. Contributors: Dario Arezzo, Joseph Baldwin, Paul VanDenburgh, Christopher Laughton, Kristine Tidgren, Tiffany Dowell Lashmet and Marlis Carson

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“Tending chicken houses
allowed me to stay home
and still work.”

– Dale Sessums

A Plucky Career Change Pays Off

Dale and Max Sessums

Caring for six houses full of chickens provides Mississippi pullet grower Dale Sessums with the perfect work-from-home career.



It would be safe to say that chicken ranks No. 1 with Dale Sessums, both in the kitchen and on the job.

The native Mississippian likes to cook up down-home favorites like chicken pie, chicken Alfredo, and chicken and dumplings. And as a contract pullet grower, she turns out more than 100,000 robust chickens every year at Circle S Farms in rural Rankin County, northeast of Puckett.

“Basically, I grow stock for Koch Foods, a poultry processing company based in Illinois,” Dale explains. “I do the very best job I can, so the next producer after me will be successful as well.”

But chickens are more than a meal and a job for Dale. For many years, they have allowed the former health-care worker to earn a living and care for her family without leaving home.

Beginning With Broilers

Dale got her start in the poultry business in 1999 when she and her husband, Max, bought three broiler chicken houses close to their then-home near Lena, Miss., and financed them through Southern AgCredit. At the time, Max was working full time as a service technician for a poultry producer; their older son Ryan was a third-grader; and their younger son Grant was 3 years old.

But in order to care for Grant, who had respiratory problems, Dale quit her job with a home health agency.

“Tending chicken houses allowed me to stay home and still work,” she says. “That way I could take care of my two young children and also my two elderly parents, who lived next door to us.”

Two years later, the couple purchased an adjoining farm with three broiler houses, again with a loan from Southern AgCredit. Max resigned from his job and joined Dale in running the chicken operations. As the boys grew older, they helped too.

“Life got a little hectic sometimes, keeping up with our kids’ activities and driving back and forth to the poultry houses,” Dale says. “With broilers, you raise five to seven batches a year, so it’s nonstop.”

Poultry Tops in Mississippi

Chicken is big business in Mississippi, which ranks fifth in the nation for poultry production.

As the state’s top commodity, poultry generated an estimated \$2.8 billion in production value for farmers in 2017. And throughout the nation, increased consumer demand and lower production costs have contributed to poultry’s popularity over red meats. In 2016, Americans ate an average of 89 pounds of chicken per capita. That’s the equivalent of 8 billion chickens a year.

The statistics make pullet producer Dale Sessums smile.

“Eat more chicken — that’s my motto,” she says.

Wanting a slower pace of life, the couple sold both poultry farms to a neighbor in 2005. Max took a job in the broiler division of Koch Foods, and Dale eventually went back to work at a local hospital.

Less Labor With Pullets

Fast forward to a summer evening in 2014 when Max asked Dale if she would consider growing pullets, the day-old breeder chicks that are raised to produce hatching eggs.

“I thought he was joking at first,” Dale says. “Then he told me about a poultry farm located 35 miles away that was up for sale. We talked, and pullets seemed like a good way to get back into the business. They’re not as labor-intensive as broilers, which meant I could operate the houses on my own if I had to. We also liked the area near Puckett and had made a lot of friends there through our sons’ sports and Max’s job.

“It just felt like God had lined it up for us to have another poultry farm,” she says.

Cooper Stringer, a loan officer with Southern AgCredit in Newton, Miss., worked closely with Dale and Max to finance the purchase in September 2014.

“Dale runs a top-notch operation, and she’s conservative with money,” Stringer says. “She and her husband always invest back into the farm.”

Fine-Tuned Production Cycle

Stately oaks, pines and magnolias encircle the six poultry houses at Circle S Farms. Four contain pullets, and the other two hold roosters. The flock consists of Cobb and Aviagen chicks, all raised to be brood stock for Koch Foods. Both breeds are known for their high growth rates and feed efficiency.

In the poultry industry, producers contract with poultry integrators such as Koch Foods, which own breeder flocks, hatcheries, feed mills and processing plants. Integrators provide chicks, feed, medications, technical advisors and transportation to contract growers. In turn, the producers provide housing, utilities, labor and care for the

Debra Ferguson

birds. Payment is based on the total weight of the chickens or by the square foot of housing.

Before Dale's first delivery of day-old chicks in March 2015, the 18,000-square-foot broiler houses had to be retrofitted for pullets.

"We use a specific light program that's different from broilers and recommended by the primary breeder," Dale explains. "Light affects a chick's growth rate, both physically and sexually. So we had to install black-out walls with louvered vents on all the houses. Chicks start out with 23 hours of light, which decreases to eight hours as they mature."

Likewise, she follows a specific feeding schedule laid out by Koch Foods, and administers vaccinations at 10 and 18 weeks of age. At 21 weeks, the pullets are sent to a laying farm, where they produce eggs that go to a hatchery. From there, freshly hatched day-old chicks move on to a broiler farm, where they're grown to 4 or 8 pounds to be processed for meat. Back at the pullet farm, Dale and Max have two to four weeks between batches to clean and disinfect the poultry houses, where they raise two pullet broods a year.

"I can't tell you how grateful I am to Southern AgCredit and Koch Foods for allowing me to do all this. Pullet farming has been such a blessing. It really has."

At Circle S Farms, feeding time in the nearby computer-automated houses starts at 5:30 a.m. Each pullet house holds approximately 11,000 chickens, and rooster houses hold 4,000 to 8,000 young males, which remain on the farm until 22 weeks of age.

Throughout the day, Dale walks through the houses every two to three hours to evaluate equipment, such as drinker and feeder lines, remove any dead birds, and monitor the ventilation and house temperatures.

Guarding Against Weather and Disease

Year-round, she and Max also do everything they can to prepare for potentially dangerous weather.



Debra Ferguson

Southern AgCredit customer Dale Sessums adjusts a feed scale on her pullet operation.

"Mother Nature is definitely our greatest challenge as a pullet grower," Dale says. "Regardless of weather conditions, the chickens still have to be fed and taken care of. Before hurricane season begins, we prepare by making sure our two stand-by generators have been serviced by a generator service technician. We always keep generator tanks filled with diesel with a reserve of gasoline on hand."

Strict security measures and sanitation protocols help to keep the houses free of diseases, such as avian influenza.

"Our farm is gated and locked," Dale says. "Service techs, feed truck drivers and all

Koch personnel must wear a disposable suit over their clothes and plastic boots over their shoes. Any other outside visitors, such as a veterinarian, must also wear overclothes and boots and sign a log-in sheet. At the entrance to each house, we step into chlorinated powder to disinfect our boots."

Come what may, Dale wouldn't trade her farming lifestyle.

"Growing poultry has been such a good opportunity for our family," she says. "Our first farms provided for our children, and I was able to stay at home with our boys. This farm enables Grant, our younger son, to go to college and also prepares us for our retirement years."

"I can't tell you how grateful I am to Southern AgCredit and Koch Foods for allowing me to do all this," says Dale. "Pullet farming has been such a blessing. It really has." ■ SSR

Dale Sessums shares this family-favorite casserole recipe from her mother.

Ginny's Chicken and Rice Casserole

1 whole chicken, cut in pieces
Salt and pepper
Flour
31 ounces of chicken broth
1 can cream of chicken soup
1 cup of long-grain rice
1 small onion, chopped
1/2 green pepper, chopped
1/4 cup of butter

Sprinkle salt and pepper on chicken pieces, then dredge in flour. Brown chicken in vegetable oil until lightly golden brown. Drain chicken on paper towels and set to the side. Combine soups, onion and bell pepper in a greased 9x11 casserole dish. Sprinkle rice evenly into the soup mixture. Cut up pats of butter and place on top. Then place browned chicken in the casserole dish and bake at 375 degrees for 50 to 60 minutes or until rice is tender.

For a Louisiana Family,
Agritourism and
Old-Fashioned
Methods Are
Regenerating
the Farm

RECLAIMING THEIR HERITAGE

Jennifer Robinson



When life gives you lemons, make organic, locally sourced lemonade.

That kind of thinking is bringing new life to a 90-year-old farm in northwest Louisiana.

By combining traditional agricultural practices with modern marketing, including farm-to-table dinners, a farm store and a bed-and-breakfast, Mahaffey Farms owner Evan McCommon and his family are introducing a new generation to fresh seasonal foods in northwest Louisiana.

“We’re taking the family farm to the next level,” Evan says.

Old Methods for New Reasons

The farm, located minutes from where the Red River runs through Shreveport and Bossier City, has come full circle since the 1920s, when it was started by Evan’s great-uncle, H.H. “Happy” Mahaffey. Once home to orchards, gardens, cattle and a large hay operation, it later reverted to pine and hardwood forest when it was too much for his widow to manage.

To keep the farm intact and in the family, a great-aunt put the land in trust and enlisted Evan to run it in 1995, before he’d turned 20.

Mahaffey Farms in Bossier Parish, La., is at the heart of a growing local foods movement. From left to right are the McCommon family — Nicky, Evan and Taylor — and Evan’s mother, Sandra Evans, who produce vegetables, pastured meats and eggs.

Forestry and conservation were the most practical uses for the land until the economy stumbled around 2008, taking timber with it.

Evan, a real estate agent at the time, knew the farm needed to diversify to be sustainable. Its new direction came from the family’s pursuit of a healthy diet and lifestyle, thanks in part to Evan’s wife, Nicky, a physician who specializes in rural medicine.

They wanted to buy fresh and organic food from local farmers, but in those days, that was hard to find.

“We’ve always enjoyed agriculture,” Evan says. “We saw an opportunity, and we had the land base.”

By 2012 the gardens were back at Mahaffey Farms, which soon earned a following at farmers markets for purple hull peas, heirloom tomatoes, squash, greens, onions and other Southern staples. Next the family introduced pasture-raised livestock — an even better fit for the sandy soil and rolling terrain.

Today the property looks a lot like North Louisiana farms did a century ago, when heritage breeds of pigs, cattle and poultry did their share of the work controlling brush and fertilizing the soil.



Christine Forrest



Mahaffey Farms



Christine Forrest



Mobile pens for the broilers

Taylor McCommon



Christine Forrest



The eggmobile

Christine Forrest



Feeding time

Christine Forrest

The regenerative cycle is renewing the farm, and is also good for the community and economy. The McCommons capture that mission in their slogan, “Cultivate the 318,” referring to the North Louisiana area code.

Build the Soil, Feed the Soul

This year, red wattle hogs are leveling last year’s garden and re-establishing healthy pasture along the edge of the woods by fertilizing and turning the soil. The heritage breed had a close call with extinction before it was found living wild in East Texas.

“Red wattles rank high for flavor,” Evan says. “They call pork the other white meat, but none of our meat’s white. Our pigs are physically active. They run. They sprint. That affects meat texture in a huge way.”

The lean, rose-colored pork is one reason the McCommons’ son, Taylor, looks forward to weekends at home.

“Our pork chops are like steaks,” says Taylor, a junior in environmental science and forestry at Louisiana Tech University.

His mornings at home start early with moving the pastured poultry.

Eight mobile pens house Cornish-cross broilers, and several breeds of egg layers live in the high-rise comfort of a wheeled eggmobile. The shelters are moved daily to let the ground recover and give the chickens access to fresh grass and insects.

Grass-fed cattle round out the operation.

Evan manages trees, livestock and pasture in an integrated system called silvopasture.

The practice provides shaded pasture for their Pineywoods cattle, a hardy heritage breed that descended from Spanish stock centuries ago and adapted to life in the wild.

“Our customers are really interested in grass-fed beef,” Evan says. “Our beef is lean, but it’s tender. We dry-age at least 14 days.”

The McCommons harvest about 200 hogs, a dozen head of cattle and up to 5,000 broilers a year, selling meat, bacon, sausage and other products at farmers markets, in the farm store and through home delivery. Their products are also in restaurants from Shreveport to Monroe.

They strive to produce food without chemicals, and will consider getting organic certification if they ever sell in grocery stores. For now, they’re building their brand, and using social media and a blog to connect with consumers.

Slow Food and Health Food

Foods with strong regional and cultural connections make you want to take your time and savor them — the hallmark of the slow-food movement.

For Evan, who used to design commercial cooking equipment for fast-food chains, slow is the way to go.

“Why wouldn’t you want seasonal, regional flavor?” he asks. “In Europe, every region has its own cheese, breed of cattle, breads. That’s a beautiful culture.”

At least once a year, the family hosts more than 100 people at a farm-to-table dinner benefiting the North Louisiana Chapter of the grassroots organization Slow Food USA.

Visitors also come to the farm for tours and the store, which is staffed by a full-

“THEY WANT TO KNOW THAT THE ANIMALS ARE HAPPY. THAT’S A BIG DEAL. OUR FARM IS OPEN TO TOURS. YOU CAN ASK US ANYTHING.”

— EVAN MCCOMMON

time sales manager. Evan’s mother runs a bed-and-breakfast, continuing a long tradition of hospitality.

“People didn’t eat out back when my aunts lived here; they cooked and hosted guests,” says his mom, Sandra Evans, who grew up next door. Breakfast at the B&B is fresh from the farm.

The food is both delicious and nutritious. The McCommons cite studies from the Louisiana State University Ag Center and other institutions that have found benefits to pastured meats and eggs, including a balanced ratio of



Pineywoods cattle



Red wattle hogs



While transitioning from their current farm store to the former golf clubhouse, Nicky and Evan McCommon have been selling their pastured meats, eggs and vegetables at an outdoor farm stand.



omega-6 to omega-3 fatty acids, ample vitamin D and other nutrients.

While pastured meats are also leaner, fat isn't necessarily unhealthy, they say. Nicky has seen patients lose weight and even manage diabetes without insulin by switching from a high-carb, high-sugar diet to a ketogenic diet high in protein and fat.

Still, they try to give people more options, not tell them how to eat.

To make buying from Mahaffey Farms easier, last year they added product lines with different price points. Red, green and blue labels distinguish meats by the cost of feed, including organic, non-GMO or conventional feed, such as spent grain from a local brewery.

"Some customers want organic, but not if it costs more," Nicky says. "Some want local, some want non-GMO, some avoid nitrates."

There's one thing people agree on.

"They want to know that the animals are happy. That's a big deal," Evan says. "Our farm is open to tours. You can ask us anything."

Hitting a Hole in One

Reinvigorating hundreds of wooded acres has been hard work for the McCommons — and they aren't finished yet. When a

62-acre golf course next door came on the market, Evan and Nicky saw potential in the buildings, irrigated fairways, ponds and highway frontage. They purchased the property last summer with financing from Louisiana Land Bank.

"It's beautiful, open land with large trees and a blacktop road to the clubhouse," says their loan officer, Jon Fielder, Louisiana Land Bank vice president and Shreveport branch manager. "Long-term financing for a purchase like this helps owners preserve their cash flow."

Now pastured poultry live on the former fairways, and will rotate with cattle in the future.

"The farm addition is a dream," Evan says.

With the help of a permaculture consultant, the McCommons are using satellite images, lidar and custom maps to plan roads, fences, water flow, pastures and timber stands.

They want an operation that's big enough to have sustainable farm income, yet small enough to preserve their lifestyle.

"We understand the scale of the industry and why conventional farmers do the things they do," Evan says. "That's what's feeding America by a long shot. We're

just providing a niche and making a lifestyle choice."

Lately their lifestyle has involved a lot of sweat equity. Eastwood Fairways' pool house is now a chicken-processing facility, the swimming pool is being converted into a below-grade greenhouse, and the clubhouse will be the new farm store — complete with a commercial kitchen and event space for classes and dinners.

The product selection will grow, too.

"Our customers usually spend \$20 to \$100 because we're selling meat," Evan says. "If they're making a trip out to the farm, they want a variety of groceries. We're looking to do a cooperative-style model where we'll carry Louisiana products from other farmers."

When all's said and done, the McCommons will have a more efficient ag operation, and customers will have a convenient place to buy local meats, eggs, vegetables, figs, berries, nursery plants and trees.

Just no lemons. ■ CF

Learn more at MahaffeyFarms.com.



Good Things Come From a Small Farm

Six acres is all it takes for a young engineer to supply fresh, wholesome food for consumers and restaurants.

his career. Instead he saw it as an opportunity to pursue an entirely new path — a path that started in his own backyard.

For several years, he and his wife, CJ, had grown their own pesticide-free vegetables. They also had been members of a community-supported agriculture (CSA) farm that supplied them with fresh produce, and believed that good health starts with wholesome food.

Following his dream of starting an organic market garden operation, Thornton visited with organic farmers throughout South and Central Texas, and researched the ins and outs of growing produce for the local market. The more he learned, the more it seemed he was called to farm.

“I love working outside and working with my hands,” says Thornton, who grew up around agriculture and worked on farms as a teenager.

The couple soon launched Spirit Pioneering Farm on a small plot outside of Victoria. While CJ continued to work as an engineer at Caterpillar, he worked the soil, planted his first crops and added pigs and chickens to the little farm.

Thornton’s vision quickly became reality. Today, Spirit Pioneering Farm supplies seasonal pesticide-free produce from October through June to about 75 customers and five restaurants in the Texas Coastal Bend region. In five years, the operation has expanded from a 1.5-acre tract, where the land was wooded and sandy, to a 6-acre market garden farm with three greenhouses.

“Our mission is to bring the freshness, diverse varieties and nutrient density of the organic backyard garden back to the tables of our farm partners and customers,” Thornton says.

Subscription-Based Sales

Unlike many small produce operations that sell directly to the public at farmers markets and roadside stands, the Thorntons decided to operate Spirit Pioneering Farm as a CSA. Under this type of business structure, customers — or “harvest share” partners, as Thornton calls them — purchase annual subscriptions costing a few hundred dollars that guarantee them a specific amount of fresh produce each week.

Tyson Thornton, owner of Spirit Pioneering Farm, a CSA farm near Victoria, Texas



A typical weekly harvest share from Spirit Pioneering Farm

When a manufacturing company in Victoria, Texas, moved to another state in 2013, a number of residents in this city of 63,000 found themselves out of work. Among them was process engineer Tyson Thornton.

“I just started praying and asking the Lord what I should do,” says Thornton, who chose to remain in his native Coastal Bend region rather than relocate.

A Texas A&M University graduate with a degree in manufacturing and mechanical engineering, Thornton could have viewed the plant shutdown as a door closing on

“We’ve got to have the customers before we harvest the crops,” he explains.

In return, Thornton has a guaranteed market, which enables him to tailor production to fill his customers’ orders, thereby reducing waste.

The first year in business, Thornton delivered boxes of fresh produce to his customers’ doors. Now he has three locations — two in Victoria and one in his hometown of El Campo — where harvest-share partners pick up their weekly produce deliveries.

“To get to where we want to be in our time frame, Capital Farm Credit has been absolutely critical.”

— Tyson Thornton

When he lacks certain items such as tomatoes, which he currently does not grow, he sources them from other CSA farms nearby. Similarly, when a Rockport farmer’s customer demands exceeded his land’s production capacity, Spirit Pioneering Farm provided food for that farm’s subscribers.

For Thornton, the CSA structure offers another benefit — it provides him with up-front money to pay for seed and other farming expenses before he plants or harvests his crops.

Even on a small operation like Spirit Pioneering Farm, start-up costs and ongoing operating costs can be burdensome for beginning farmers. Thornton, however, qualified for an operating loan under Capital Farm Credit’s Young, Beginning and Small Farmer Program, which offers flexible underwriting standards.

Earlier this year, financing from Capital Farm Credit also enabled him to build his second high-tunnel greenhouse, where he’ll propagate seeds and plans to start growing tomatoes. Once the structure was completed, it qualified for a grant

under the Natural Resources Conservation Service’s Environmental Quality Incentives Program, allowing him to repay the Farm Credit interim construction loan.

“To get to where we want to be in our time frame, Capital Farm Credit has been absolutely critical,” says Thornton.

Cutting Costs and Fighting Bugs

Farming organically also cuts down on Thornton’s input costs. Instead of synthetic chemicals, his pest-fighting arsenal includes raw apple cider vinegar and raw

milk spray to fight fungal diseases; beneficial bugs such as ladybugs and lacewings, as well as pyrethrins, to rid his crops of insects; and bacillus thuringiensis bacterium to kill certain worms and larvae in the soil. But perhaps his most interesting and cheapest tool is a blow torch to burn dead stalks and roots that could harbor insect larvae and eggs.

He makes it clear, however, that the farm is not USDA-certified organic, and he has not pursued certification, which can be a lengthy and costly process.

“I feel my customer base does not demand that we undergo organic certification,” he says. But he earns their trust in other ways.

“We’re extremely transparent,” Thornton says. “People can come out and check out our place any time.”

Before the Thorntons purchased their current farm site, it was a horse pasture fertilized only by manure. That was important to the couple, who believe that a strong plant system capable of fighting pests starts with healthy soil.

To date, only 2½ acres of the property are devoted to vegetable plots, but that may change in the future.

“In five years, this place is going to be filled up, and

we’re going to be blowing and growing,” Thornton says.

As for his decision to farm, the former engineer feels blessed.

Last year, when Hurricane Harvey swept inland from the Gulf Coast, Thornton had a greenhouse full of young seedlings ready to be planted outside the following week. Part of the greenhouse was torn away by the high winds, but the tender young plants were not disturbed.

Indeed, farming has been good to him. ■ JH

For more information, go to SpiritPioneeringFarm.com



Tyson Thornton visits with Kamey Wilkerson, center, and Angela Dunbar of Capital Farm Credit inside a partially built high-tunnel greenhouse. Capital provided interim construction financing for the project.



Nutrient-dense microgreens are harvested with scissors for same-day delivery to CSA subscribers.

GIVING CREDIT WHERE CREDIT IS DUE

A Texas farm family says Farm Credit was one of the missing pieces that helped their operation grow.



Rollin and Dawn Mangold, with their son, Walt



Photos by Jim Lincoln

Like most people, Texas farmer Rollin Mangold didn't like shopping for a bank. He didn't have time for it, and because his family had financed with a local bank for generations, it didn't occur to him to change lenders — until the local bank was sold.

Luckily for Rollin, he still didn't have to shop for financing; financing came looking for him.

A local businessman and friend suggested Rollin visit with a Texas Farm Credit loan officer.

"We made him explain a lot before we did anything," Rollin says emphatically, recalling the number of questions he threw at the loan officer. "And he did a good job, and we've been there ever since."

For the Mangolds — Rollin, his wife, Dawn, and his nephew Matthew — having dependable and available financing with the Farm Credit cooperative came at a perfect time, one of a few factors that allowed them to rapidly grow their diversified farming operation near La Coste, Texas.

"Commodity prices were strong. We picked up some additional lease land, and having the financing to back all that was a big thing," Dawn says. "It really all happened at the same time that we got on board with Texas Farm Credit. It all just rolled together."

FARMING ON THE EDGE OF A GROWING CITY

A third-generation farmer, Rollin says he grew up knowing production agriculture would be his life's work. The same was true for Matthew. The two men grow corn, cotton, wheat, oats, grain sorghum, sunflowers and vegetables, farming both jointly and separately.

"Corn is my favorite crop to grow," Rollin says. "Corn will tell you anything that's wrong with it, if you know how to read it. Just the color and the location of the discoloration on the leaves can tell you what it is deficient in, but we don't want to see any discoloration. To me, it's the easiest and it's always the most fun to harvest. I like watching Matt make the combine roll, especially when a lot of trucks are rolling out of the field."

Because of their 25-mile proximity to San Antonio, urban sprawl has forced the Mangolds to rely on leased land to grow their operation — but there has been no shortage of property to lease.

"We had to grow to maintain, if that makes any sense," Rollin says. "A lot of the places around here are small, the property values are going up, and a lot of them are for sale. I see a day when some of the land we lease will be sold, and if we can afford it, we will definitely be calling on Texas Farm Credit to help us. And if it's not meant to be, we will have other parcels of land to back it up. We're just trying to protect our livelihood."

While they are multigenerational farmers, Rollin and Matthew didn't inherit any land. However, they still lease most of the property that Rollin's parents farmed,



Rollin, left, and his nephew Matthew inspect a field of oats. The two men farm both jointly and independently. Rollin and his wife say they're glad Matthew decided to join them in the family venture, and he has become an integral part of their operation.

maintaining important relationships with other local landowners.

"We've been asked to farm almost every piece we've got," he says. "We don't go hunting for it."

STAYING OUT OF EQUIPMENT DEBT

As is the case with most farming operations, equipment is an important part of the Mangolds' operation. Dawn still recalls an early meeting with their first Texas Farm Credit loan officer, who recommended that they minimize their equipment debt.

"That was the best advice he ever gave you," Dawn tells her husband. "That first year, I don't know how much money we saved on interest, but it was ridiculous. And so then you kick yourself for waiting so long to make a change. But we're creatures of habit. You get up and roll along the way it is."

Rollin, who loves machinery and tinkering with it, quickly agrees.

"He taught us a lot early on, and we did have a lot of equipment debt when we started with Texas Farm Credit," he says. "We also had a terrible note on our house with the way it was structured, but we straightened all that out and made it better."

While he still heeds his first loan officer's advice, Rollin tries to find a balance

between expense and efficiency. Last year, he upgraded his cotton harvest equipment with an advanced cotton picker-baler that reduces harvest time — a huge difference-maker when weather is your biggest enemy. Last August for instance, when Hurricane Harvey was approaching Texas, Rollin traveled down to the Gulf Coast, a high-producing cotton area, to help fellow producers with their harvest before the storm hit.

"When it's time to get it, you got to get it — today might be good, but a week from now it might be a different story," Rollin says. "A cotton crop is most at risk when it's

"We've had several banks approach us to try to get our business for our operating notes in the last couple years, but they can't compete with what Texas Farm Credit offers."

— Dawn Mangold

defoliated, and the weather can really affect it. I can only imagine what some of those guys went through."

Dawn points out other ways that their family, which includes 9-year-old son Walt, benefits from the technology and more efficient equipment.

"Not only is the speed of getting the crop out probably the biggest incentive to offset the cost, but we have the extra time to spend together, and Rollin's not worried

about it out in the field," she says. "Our motto at home is 'Farm Family,' and we're ever proud of it! We teach Walt the importance of what that is, the good parts and the difficult ones, because they're true life lessons for us to learn from and to pass down."

DOING BUSINESS AT THE KITCHEN TABLE

The Mangolds have a new loan officer now, Pleasanton Branch Manager Sarah Franklin, and they value their relationship with her and the lending co-op as much as ever. It's not uncommon for Sarah to make the one-hour drive from her office to the Mangolds' house, where she's greeted with warm hugs before they discuss business, seated around the kitchen table.

"We've had several banks approach us to try to get our business for our operating notes in the last couple years, but they can't compete with what Texas Farm Credit offers," Dawn says. "Not just on interest rates, but with the ease of doing business."

Sarah says that being a reliable and convenient financial partner is just part of her job, and it reflects the way that Farm Credit lenders respect their customers' daily toil.

"Just to be a farmer is such a brave thing, because your living is based on so many things that you cannot control," she says. "And we understand that, and it's why I do what I do for people like the Mangolds." ■ SH

Oh, Okra!

Southern Staple Is a Treasure for Your Health

If you've never heard of Southern popcorn, you probably haven't been paying attention or haven't lived in the South very long. This crunchy fried okra is so named because when you eat it, you just can't stop.

And why should you, when the latest information reveals the multiple health benefits from consuming these nutrient-dense pods? Whether boiled, fried, steamed, roasted or pickled, okra is rich in dietary fiber, vitamins A, B, C and K, and essential minerals including iron, calcium, manganese and magnesium.

And let's not forget the mucilage, or okra "slime," which displeases those who don't care for the vegetable: Good for your gut, it aids in digestion. It also makes a great thickener for soups and stews. If the goo isn't for you, it can easily be reduced by frying or cooking with acidic elements such as tomatoes, vinegar or lemon juice.

If that isn't enough to make you go buy some okra, then check out these health benefits:

- lowers total cholesterol and triglyceride levels, and curbs appetite because of its high soluble fiber
- reduces fasting glucose levels and controls diabetes by inhibiting the enzyme alpha-glucosidase that breaks down carbs and improves cells' insulin sensitivity
- helps prevent brittle bones because of high vitamin K

A Pod Primer

Okra, also known as "lady's finger" for the shape of its pod, is a warm-season crop that is believed to have originated in Ethiopia and was first brought to the New World during the transatlantic slave trade.

The veggie is also referred to as "gumbo," a derivative of the African Bantu word *ki ngombo*. Indeed, for some Southerners, gumbo stew is not a true gumbo without okra.

A member of the mallow family, like cotton and hibiscus, the plant produces beautiful flowers that, along with the leaves, are edible. Okra seeds also have been been roasted and ground as a coffee substitute, and in Mediterranean countries are pressed to make oil.

Okra is grown commercially primarily in the South, where much of it is produced for sale to the soup and frozen-food industries.

But harvesting okra is not easy, according to Southern AgCredit customer Ed Lester, who grows 8 acres of okra to sell at his fruit and vegetable farm stand at Ed Lester Farms near Coushatta, La.

"We just love our okra here in the South," said Lester. "It's a popular product for us,

and it is easy to grow, economical and low input. The hardest part is the harvesting, where the pods all have to be cut from the stalk by hand."

Backyard Basics

For many Southerners, a backyard garden is not complete without okra, which thrives in warm weather. To grow your own, wait until after the last spring frost date when the soil has warmed to 65 to 70 degrees F. Soil should be fertile, well-drained and in full sun. Sow seeds ½ to 1 inch deep and 12 to 18 inches apart.

Okra can be harvested within 50 to 60 days of planting, when the pods are 3 to 4 inches long. To harvest, use a sharp knife to cut the pod from the stalk, and handle the pods carefully to avoid bruising. Be sure to wear gloves and long-sleeved shirts for protection, as okra plants and pods have small spines that can cause skin irritation.

Happy okra growing and eating! ■ TJ

Oven-Roasted Okra

This roasting method reduces the okra "slime" factor and makes for a unique snack to offer friends and family.

1 pound okra
2 tablespoons olive oil
½ teaspoon garlic powder
Salt and pepper to taste

Dipping sauce:

6 tablespoons mayonnaise
2 large garlic cloves, pressed
1 teaspoon fresh lemon juice
2 tablespoons olive oil
¼ teaspoon agave syrup, honey or sugar
Salt and pepper to taste

Preheat oven to 400° F. Cut okra in half lengthwise and place in a bowl. Add olive oil, garlic powder, salt and pepper, and toss to coat. Spread okra pieces in a single layer, making sure they are not touching, on baking sheet. Roast until tender and browned on the edges, about 20-25 minutes. Combine sauce ingredients and serve.



RURAL LENDING SPECIALIST TO THE RESCUE

A Texas Panhandle couple learns the benefits of financing their country home and acreage with Farm Credit.

Joanne and Jason Genn and their children, left to right, Angelique, Ada, Rhiannon, William and Ivan

When you're in the market for a new home, finding your ideal house — in the right location and at the right price — can be a challenge.

Texas Panhandle residents Jason and Joanne Genn — a building contractor and a registered nurse — encountered an entirely different hurdle, however, when they were house-hunting four years ago.

After a long search, the Genns discovered the country home and acreage of their dreams. Yet despite their strong credit rating, the couple had trouble getting their loan approved.

The problem?

"We were working with a traditional lender, because we didn't understand the difference between a rural land loan and a home loan," Joanne says.

Finding the Perfect Place

The Genns' ordeal began in 2014, when they decided to buy a rural home and land where their young children could explore the outdoors and learn the responsibility of caring for animals. At the time, the family was living in Perryton, where the north-eastern corner of the Texas Panhandle tucks under the elbow

of Oklahoma. Small acreages with homes are rare in this vast expanse of farm- and ranchland. Moreover, Joanne would only consider buying a move-in-ready house.

"Everything needed to be in working condition," she says. "Our last two houses required a lot of work, and I told my husband I wouldn't move into another house that needed updating."

"A lot of folks want to raise their children in the country and own a piece of Texas, but they get turned away from a traditional lender. When they find us, it's a joy to help them. It's probably my favorite part of my job."

— Blain Eubank, Plains Land Bank

Looking further afield, the couple found their perfect house on 54 acres outside the town of Pampa, an hour's drive to the south. They submitted a purchase offer, which was accepted contingent on their Perryton house selling. But when the house didn't sell in 30 days, the deal fell through.

"I remember getting the call, and I bawled my eyes out," Joanne says.

Two months later, the Pampa house was back on the market, and once again the Genns' offer was accepted. This time their own house sold quickly, leaving them without a home.

By now it was December. Friends in Perryton graciously invited the family to live in their basement while they were waiting on their loan to close.

"We thought we'd be with our friends for two weeks," says Jason.

Lack of Comps Delays Process

January ticked by, and they were still living in the basement, because their commercial lender could not find comparable sales (comps) with which to appraise the property.

“Basically, the problem was the comps,” Jason says, explaining that their mortgage broker was able to only appraise the house, not the land. “The lender had no basis of comparison for what the land would cost.”

Meanwhile, the seller was losing patience, and the Genns were losing hope. Jason was even ready to move the family back to the Amarillo area, where he had previously operated a successful business.

“Finally,” says Joanne, “we figured out that we needed a land loan.”

The couple visited with an acquaintance from their church, Jess Wall, vice president and Perryton branch manager with Plains Land Bank. Wall referred them to his colleague Blain Eubank, vice president and branch manager of the Land Bank’s Pampa office.

“I knew that Blain had done quite a few rural home loans and would be able to help them out,” Wall says.

It was now late January, and the seller was anxious to finalize the deal. The one-month window for closing the loan was about to expire, but the seller granted them a one-week extension.

Land Bank to the Rescue

Eubank was able to quickly find comps for rural homes with acreages because his Farm Credit association specializes in financing land, unlike a traditional mortgage lender that focuses on urban home loans that are later sold to the secondary market.

“I spoke with Blain, and from then on we took care of everything over the phone, and in one week everything was done,” says Jason.

The loan closing was set for Friday afternoon, Feb. 4. If the loan didn’t close that day, the Genns would lose their chance to buy the property, but Eubank had all of the paperwork ready for the closing.

“Blain delayed a family vacation that Friday so we could get our house,” says Joanne, still grateful for the quick loan service he provided.

For Eubank, closing their loan was a very satisfying way to end his week.

“Helping people like the Genns is a real treat,” he says. “A lot of folks want to raise their children in the country and own a piece of Texas, but they get turned away from a traditional lender. When they find us, it’s a joy to help them. It’s probably my favorite part of my job.”

Nearly four years later, the home-buying experience is still fresh on Joanne and Jason Genn’s minds.

“It’s hard when you’re looking for financing, and you don’t know what your options are,” Jason says.

But today, he knows one thing for certain — if they ever decide to look for another country home and acreage, they’ll look up their rural home lending specialist early in the process. ■ JH

RAIN, RATTLESNAKES AND THE REALITY OF COUNTRY LIVING

Moving day is typically an exciting time for new homeowners. For Jason and Joanne Genn, it might be better described as a comedy of errors.

As soon as they received the keys, they headed to their new house, anxious to move in. Not even a rare rain-storm could stop them.

That afternoon, hauling a large gun safe up wet steps, Jason slipped, barely avoiding being crushed.

Then, two hours later, the family discovered that water would not flow into the master bathroom.

Armed with a flashlight, Jason crawled under the pier-and-beam house to see if the water was properly hooked up. As he shimmied across the dirt, he felt something in his pant leg. Assuming it was a mouse, he slid the pants off, flung them away, and shone his light toward them. A rattlesnake slithered out of the pant leg.

“Jason hollered to us to bring him a gun. But in all the confusion, it took us a while to find the key to unlock the gun cabinet,” Joanne says. After what seemed like an eternity, Jason put the rattlesnake to rest.

In spite of that rough start to country life, the Genns are happy they made the move.

“It’s been amazing to have the opportunity to live in the country with our kids,” says Joanne.

The children — ages 15, 9, 6, 5 and 2 — enjoy raising chickens and would like to get some pigs.

“The kids absolutely love it here. They have a 50-acre playground,” says Jason.

Joanne relishes watching spectacular sunsets from her kitchen window, and Jason talks about buying Dexter cattle, a dual-purpose breed that could provide milk for the family. They are also considering geothermal gardening or hydroponic farming for the future.

“It’s been a huge blessing to have this place,” says Joanne.



Get the *Lay* of the *Land*

To Understand Trends in Rural Land Sales, Look to Decades of Data From Farm Credit and Texas A&M University

*H*ow much is your land worth?

To you it might be the most valuable property in the world, but unless you have hard data on market trends in your area, you'll never know for sure. Fortunately that kind of information is available for several states thanks to a friendship forged over 50 years ago.

Back in the mid-1960s, three Texas Aggies with a love of agricultural economics — George Cunningham, president of the Federal Land Bank of Houston, and Texas A&M University professors Dr. A.B. “Pat” Wooten and Dr. Ivan W. Schmedemann — agreed to share resources so people could have more information about land markets. It was a perfect partnership: Cunningham’s bank had information on land sales, and Wooten and Schmedemann taught real estate professionals, rural appraisers and Farm Credit employees how to assess land values.

The agreement lives on between the bank, now called Farm Credit of Texas (FCBT), and the Texas A&M University Real Estate Center (REC), the nation’s largest publicly funded organization devoted to real estate research. The center tracks trends in land prices, tract sizes and sales volumes by analyzing information provided by the bank

and 14 affiliated lending cooperatives, also called associations, in Alabama, Louisiana, Mississippi, New Mexico and Texas.

“The research agreement allows us to do things that no other center in the country can do,” says REC Director Gary Maler. “We are always on the hunt for new ways to look at the economic drivers of real estate activity. Quality data is critical, and this is the most consistent data that exists in land markets. That’s a big deal.”

Sales Data vs. Surveys

Landowners, real estate agents, appraisers, lenders, tax accountants, estate planning attorneys and others are hungry for market information that is accurate, current and objective.

“We look at everything that moves through the market,” says Dr. Charles Gilliland, the center’s rural land expert. “There are a lot of dynamics going on beneath those numbers. Sometimes we see a trend before the guys on the ground notice anything.”

“It’s a unique situation. Most of the data at other universities is based on opinion, on surveys.”

Surveys — such as USDA surveys of farmers or Federal Reserve Bank surveys of ag bankers — can be useful, but are subjective

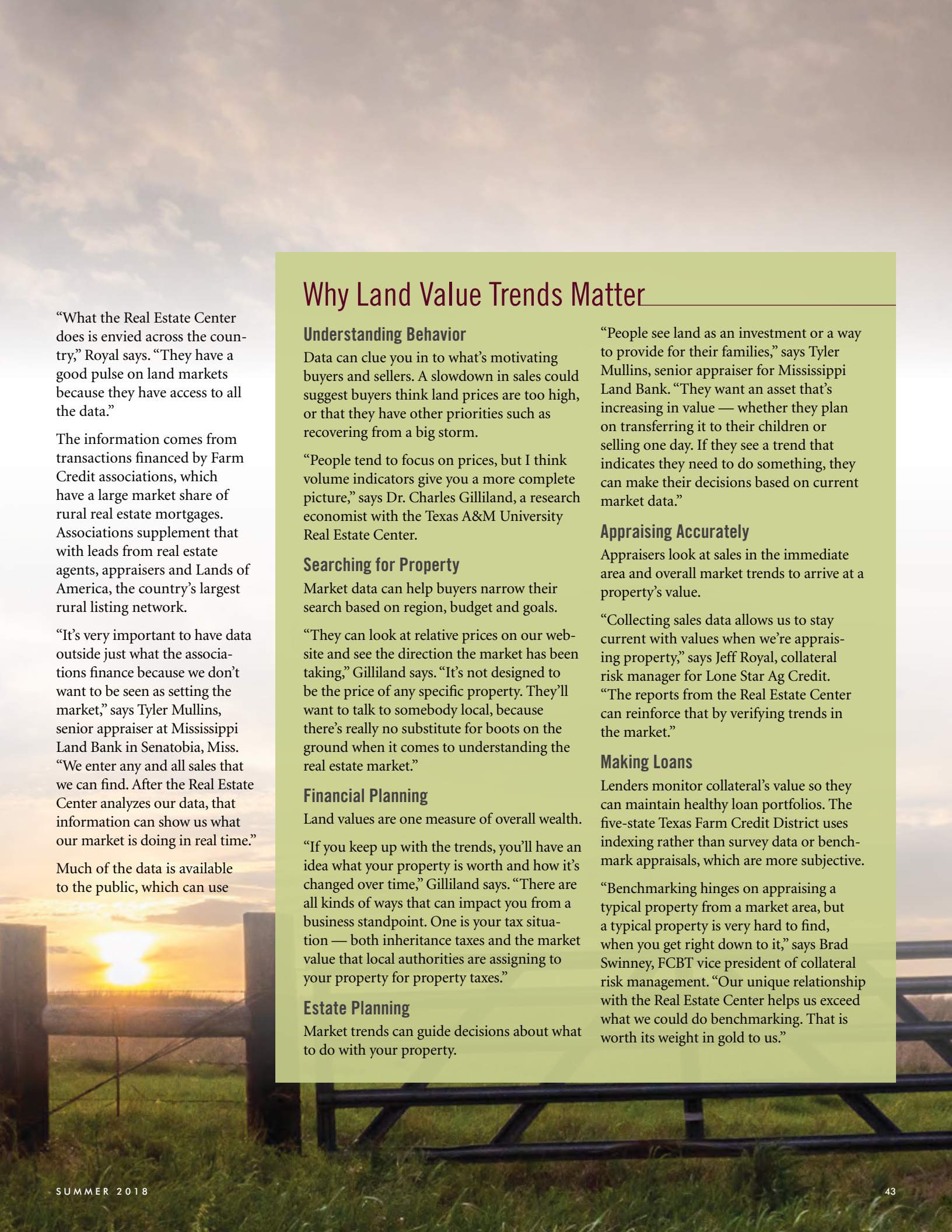
and easily outdated. It’s human nature to find declining values hard to accept or be overly optimistic that they’ll go up.

“Having transactional data, we can present what’s actually going on in the market,” says Dr. Erin Kiella, a former consultant for the Federal Reserve Bank of Chicago who joined the REC in January as assistant research scientist. “You can see the demand for that in the Annual Outlook for Texas Land Markets conference that the center puts on. We have close to 500 people coming from all over the state to hear Charley’s market update, which comes directly from our work with Farm Credit.”

Reliable Data Is in Demand

One reason the information is in such demand is because sales prices are not publicly disclosed in some states, such as New Mexico, Mississippi and Texas.

“In a nondisclosure state, it can be extremely difficult to get verified information about prices,” says Jeff Royal, collateral risk manager for Lone Star Ag Credit, a Farm Credit association based in Fort Worth, Texas. Gilliland adds that even in disclosure states such as Alabama and Louisiana, sales data isn’t routinely gathered in one place.



“What the Real Estate Center does is envied across the country,” Royal says. “They have a good pulse on land markets because they have access to all the data.”

The information comes from transactions financed by Farm Credit associations, which have a large market share of rural real estate mortgages. Associations supplement that with leads from real estate agents, appraisers and Lands of America, the country’s largest rural listing network.

“It’s very important to have data outside just what the associations finance because we don’t want to be seen as setting the market,” says Tyler Mullins, senior appraiser at Mississippi Land Bank in Senatobia, Miss. “We enter any and all sales that we can find. After the Real Estate Center analyzes our data, that information can show us what our market is doing in real time.”

Much of the data is available to the public, which can use

Why Land Value Trends Matter

Understanding Behavior

Data can clue you in to what’s motivating buyers and sellers. A slowdown in sales could suggest buyers think land prices are too high, or that they have other priorities such as recovering from a big storm.

“People tend to focus on prices, but I think volume indicators give you a more complete picture,” says Dr. Charles Gilliland, a research economist with the Texas A&M University Real Estate Center.

Searching for Property

Market data can help buyers narrow their search based on region, budget and goals.

“They can look at relative prices on our website and see the direction the market has been taking,” Gilliland says. “It’s not designed to be the price of any specific property. They’ll want to talk to somebody local, because there’s really no substitute for boots on the ground when it comes to understanding the real estate market.”

Financial Planning

Land values are one measure of overall wealth.

“If you keep up with the trends, you’ll have an idea what your property is worth and how it’s changed over time,” Gilliland says. “There are all kinds of ways that can impact you from a business standpoint. One is your tax situation — both inheritance taxes and the market value that local authorities are assigning to your property for property taxes.”

Estate Planning

Market trends can guide decisions about what to do with your property.

“People see land as an investment or a way to provide for their families,” says Tyler Mullins, senior appraiser for Mississippi Land Bank. “They want an asset that’s increasing in value — whether they plan on transferring it to their children or selling one day. If they see a trend that indicates they need to do something, they can make their decisions based on current market data.”

Appraising Accurately

Appraisers look at sales in the immediate area and overall market trends to arrive at a property’s value.

“Collecting sales data allows us to stay current with values when we’re appraising property,” says Jeff Royal, collateral risk manager for Lone Star Ag Credit. “The reports from the Real Estate Center can reinforce that by verifying trends in the market.”

Making Loans

Lenders monitor collateral’s value so they can maintain healthy loan portfolios. The five-state Texas Farm Credit District uses indexing rather than survey data or benchmark appraisals, which are more subjective.

“Benchmarking hinges on appraising a typical property from a market area, but a typical property is very hard to find, when you get right down to it,” says Brad Swinney, FCBT vice president of collateral risk management. “Our unique relationship with the Real Estate Center helps us exceed what we could do benchmarking. That is worth its weight in gold to us.”

the center's website to find Texas land market information dating back to 1966, and will soon see Alabama, Louisiana and Mississippi data going back to 2000. The center also does some research on the New Mexico market.

Every market is different, so states are divided into regions — seven in Texas; four apiece in Alabama and Mississippi; and one each in Louisiana and New

Mexico — that capture meaningful data about local activity.

The Meaning Behind the Numbers

The decades of data have provided valuable insight into consumer behavior and market drivers such as oil prices, personal income and interest rates. Researchers also can look at the numbers in new ways as technology evolves.

Currently the center is using geospatial analysis to map sales activity that has been shifting toward counties with lower priced land as buyers look for a good deal. It can also look at correlations with land use, housing activity, flood zones and other factors.

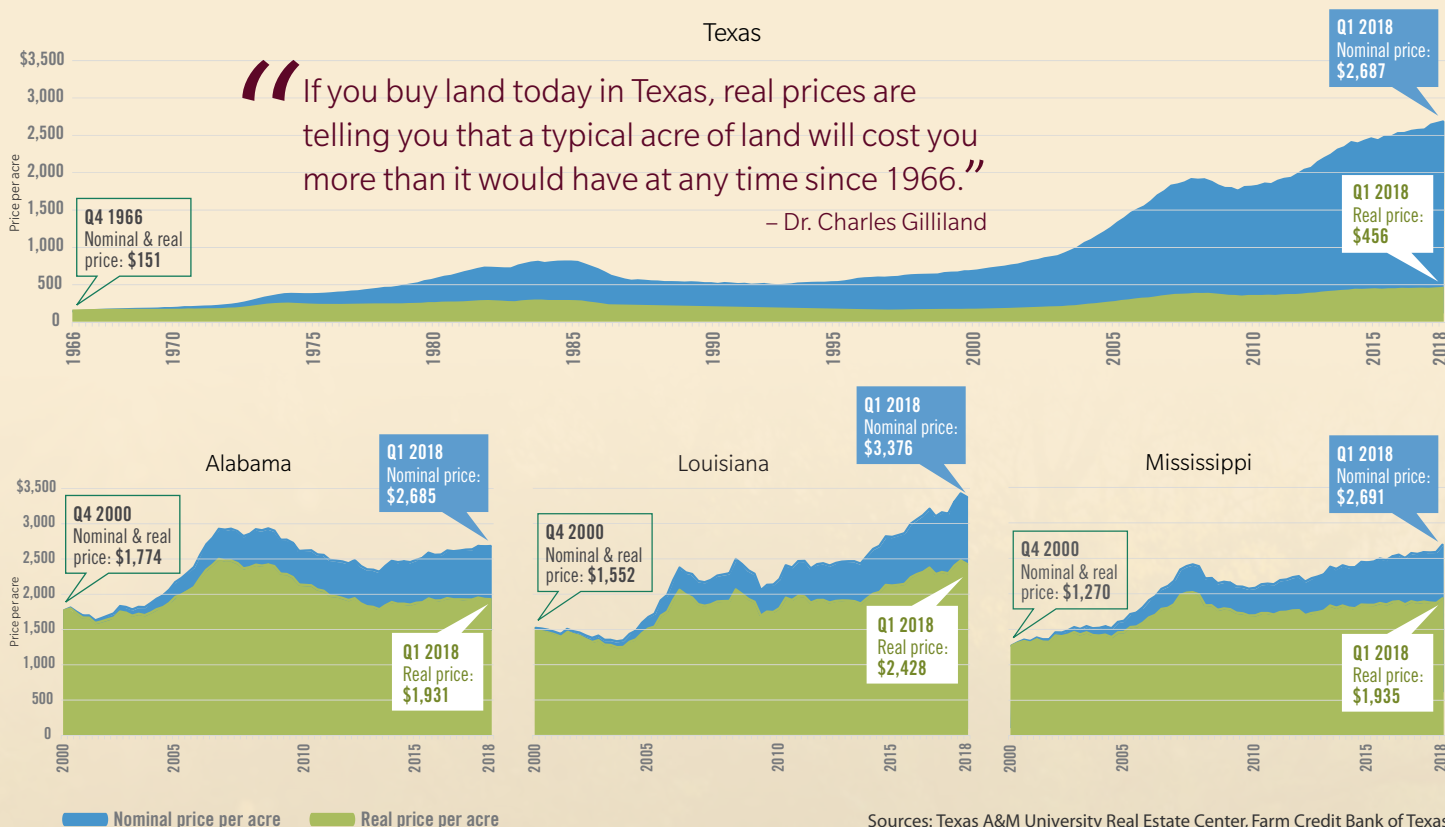
“Data is our life, so we hang onto it, and it makes these long-time series over

A Look Back at Rural Land Value Trends

The Texas A&M University Real Estate Center analyzes sales data provided by Farm Credit lenders, and publishes median price, tract size, sales volume and the rate of change on its website. In these statewide four-quarter moving average prices, nominal price (top line) reflects dollar amounts at that time, and real price (bottom line) is adjusted for

inflation back to the year the data started being collected — 1966 for Texas and 2000 elsewhere.

“Real prices indicate whether current prices are high or low from a historical standpoint,” says Dr. Charles Gilliland of the Real Estate Center.



Sources: Texas A&M University Real Estate Center, Farm Credit Bank of Texas

multiple cycles possible,” says Gerald Klassen, the center’s research data scientist. “We’re going to nominate Charley for a ‘Hoarders’ episode.”

Gilliland admits he’s fascinated by the way dynamics constantly change, like when demand for sand mining temporarily sent land prices into orbit in parts of Far West Texas last year.

“That’s why we use median prices,” Gilliland says, describing just one way the center keeps seasonal, regional and other variations from distorting the big picture. “If you do an average, a great big number makes a great big difference, but a median is based on a ranking from highest to lowest. It’s more indicative of what is typical for the region.”

Benefits for Portfolios and the Public

Lenders watch trends closely because they need to know the value of collateral and what might happen if conditions change. The REC helps the five-state Texas Farm Credit District manage collateral risk through stress testing, special studies and indexing.

“The Real Estate Center calculates the trend in price going back several years, and

applies an index so we don’t have to reappraise everything to get a current value,” Royal says. “We’re fortunate that we can use their indices to see how the portfolio is performing and address any negative trends before they become a problem. It gives our customers reassurance, and is something our regulator wants to see.”

Indexing is very accurate and objective compared with other collateral risk management methods. It’s also a huge cost savings because benchmarking, the most likely alternative, would require thousands of dollars in appraisals each year, reducing associations’ earnings and borrowers’ patronage refunds.

The REC’s research is funded by real estate license fees in Texas.

“The top real estate program in the country among public universities is indexing the associations’ portfolios for them,” says Brad Swinney, FCBT vice president of collateral risk management. “They’re getting that level of insight and analysis into land markets without the expense. Imagine trying to hire all those Ph.D. economists and keep them on staff.”

The partnership is a win for Farm Credit and a win for the center, which has a mission to help people make better real estate decisions.

“We’re exchanging our expertise for access to data,” Maler says. “The benefit isn’t just for us. Healthy markets are good for everybody. We’re aggregating data so folks have some guidance on prices.” ■ CF

Resources for Land Values

Here are some ways to learn more about land values in your area.

- **Texas A&M University Real Estate Center:** The research center has Texas land market data going back to 1966, and will soon publish Alabama, Louisiana and Mississippi data going back to 2000. A user guide explains how to use the information — under Rural Land in the website’s Data tab — to get a general sense of trends. www.recenter.tamu.edu
- **American Society of Farm Managers & Rural Appraisers (ASFMRA):** See land value trends and links to state chapters that can provide local information. www.asfmra.org/resources/land-trends
- **USDA:** The agency publishes a summary of its annual survey on farm real estate values. www.nass.usda.gov
- **Universities:** Some schools have real estate centers and agriculture programs that publish information on local land trends.

SUNRISE, SUNSET

There is something magical about the breaking of dawn and the arrival of dusk. They are glorious bookends to each day, promising new beginnings at sunrise and inspiring quiet reflection at sunset. Enjoy the following images, shot by Farm Credit employees and their family members and friends.

Sunset, Dallas County, Ala.

Trey Culpepper



Sunrise, Rolling Fork, Miss.

Kevin Sibley



Brice Knight

Sunset, Lake Darbonne, Farmerville, La.



Caton Oswalt

Sunset, Elmore County, Ala.



Benjamin Elliott

Sunrise, Orange Beach, Ala.



Kathy Ryan

Sunset, Dauphin Island, Ala.



Kacy Land

Sunset, Kiepersol Estates, Bullard, Texas



Kanokwalee Pustanun

Sunset, Ghost Ranch, Abiquiu, N.M.

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